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The Effect of Corporate Social Responsibility and Stakeholder
Management on Corporate Social Performance of Multinational
Oil Companies in Nigeria

BY

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DEDICATION

I dedicated this dissertation to my beloved wife,

Abosede Adijat Ojodu,

&

My lovely children,

Oluwafemi, Olamide and Olaoluwa

Without their support, the present research would not have been completed

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ABSTRACT

The discovery of oil has been identified as both a blessing and a curse for Nigeria. While oil revenue has been a blessing to the country, the failure of oil companies to be socially responsible to their host communities has been a source of numerous crises in the Niger-Delta region of Nigeria. Earlier studies have enriched our knowledge on how corporate social responsibility (CSR) can be used to benefit host communities, but how corporate social responsibility and the stakeholder approach can be used to prevent these crises have received little attention in the literature. Thus, this study contributes to knowledge by investigating the effect of corporate social responsibility and stakeholder management on corporate social performance. This research adopted a quantitative approach method, and survey was developed based on the existing scales of corporate social responsibility measurement. Two different sets of questionnaires were administered to 160 employees of the big four multinational oil companies in Nigeria and 225 members of the host communities in the Niger-Delta area. A hundred and forty-six questionnaires were returned from each of the two sets of respondents. These questionnaires were analysed using Partial Least Square and descriptive statistics. The results of the analyses revealed that a strong relationship exists between compliance to industry standards and environmental performance evidence from employees of multinational oil companies. While the results showed that a weak relationship exists between compliance to industry standards and environmental performance based on the response from the host communities. The results also showed that a strong relationship exists between corporate legitimacy and community relations from both the employees of multinational oil companies and host communities. Furthermore, the results revealed that a strong relationship exists between corporate legitimacy and community perception from both stakeholders. In addition, there is also a strong relationship between regulatory infractions and environmental performance from the results of the two main stakeholders. The results also indicated that a strong relationship exists between CSR initiatives and community relations for the two main stakeholders. However, the results revealed that a weak relationship exists between CSR initiatives and community perception from both group of stakeholders. Another contribution of this study to knowledge is the corporate social responsibility and corporate social performance measures used in this research. While existing measurements of corporate social responsibility in the literature have combined all the variables, this study separated them into various dimensions, to ensure easier adaptability for other studies. This study is a set of possible ideals, practicable and feasibly concerns corporate social responsibility (CSR) measures. In addition, this study is a response to a prolonged and contested problem of appropriate measurement of corporate social responsibility (CSR). However, this gap in the literature led to development of a more robust conceptual model of a reflective construct of corporate social responsibility and corporate social performance that in some respects differ from existing conceptual model of corporate social responsibility. Therefore, this research recognised the attempt by previous studies on development of corporate social responsibility measurement model. Still, this study proposed agenda and scope of corporate social responsibility, as well as the measures used to implement corporate social responsibility via the reflective construct for the oil companies' operationalisation in Nigeria.

Keywords: Corporate Social Responsibility, Corporate Social Performance, Stakeholder Management, Nigeria, Oil, Multinational Oil Companies, Industry

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LIST OF ABBREVIATIONS

AGIP:	Azienda General Italian Petroli
AIDS:	Acquired Immune Deficiency Syndrome
AVE:	Average Variance Extracted
BP:	British Petroleum
CA:	Community Assistance
CFP:	Corporate Financial Performance
CED:	Committee for Economic Development
CIS:	Compliance to Industry Standards
CL:	Corporate Legitimacy
CNL:	Chevron Nigeria Limited
CP:	Community Perception
CR:	Community Relations
CSP:	Corporate Social Performance
CSR:	Corporate Social Responsibility
CSRI:	Corporate Social Responsibility Initiatives
ENI:	Energy Needs Ireland
EP:	Environmental Performance
FGN:	Federal Government of Nigeria
GAP:	Graduate Assistance Program
GMOU:	Global Memorandum of Understanding

HIV:	Human Immunodeficiency Virus
HND:	Higher National Diploma
ICT:	Information, Communications and Technology
LDCs:	Less Developed Countries
MBA:	Master of Business Administration
MDCGs:	Millennium Development Goals
MENI:	Mobil Exploration Nigeria Incorporated
MOC:	Multinational Oil Companies
MPN:	Mobil Producing Nigeria
NCE:	National Certificate of Education
ND:	National Diploma
NDDC:	Niger-Delta Development Commission
NGOs:	Non- Governmental Organizations
NNPC:	Nigeria National Petroleum Corporation
OECD:	Organization for Economic Co-operation and Development
OPEC:	Organization of Petroleum Exporting Countries
PIND:	Partnership Initiative Development
PLS:	Partial Least Squares
PLS-MGA	Partial Least Square-Multi-Group Analysis
PLS-SEM:	Partial Least Squares- Structural Equation Model
RDC:	Regional Development Councils
RI:	Regulatory Infractions
SAP:	Skill Acquisition Program
SCF:	Standards Cubic Feet
SDB:	Social Desirability Bias
SNEPC:	Shell Nigeria Exploration and Production Company
SP:	Social Performance
SPDC:	Shell Petroleum Development Company
TDTSIC:	Truck Drivers Training School and Inspection Centre
UNDP:	United Nations Development Programme
UNRISD:	United Nations Research Institute for Social Development

USAID: United State Agency for International Development
VAF: Variance Accounted For

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Chapter One

1.0 Introduction

This chapter introduces this PhD research, while earlier studies have enriched our knowledge on how corporate social responsibility (CSR) can be used to benefit host communities, how corporate social responsibility and the stakeholder approach can be used to prevent crises like the failure of the oil companies to be socially responsible to their host communities which have received little attention in the literature. Consequently, this study contributes to knowledge by investigating the effect of corporate social responsibility and stakeholder management on corporate social performance in the Nigerian oil industry. The objective is to fill research gaps by adapting corporate social responsibility measures from previous studies (e.g. Hussein, 2010; Chen et al., 2008) in the context of this research. Existing validated scales for corporate social responsibility are adapted to develop the research instrument (e.g. Chung et al., 2015; DeArmond et al., 2011; Ruf et al., 1998; Turker, 2009b), for data collection purposes and to generate data set to test the hypotheses.

Chapter 1 gives insight about the structure of the research. This chapter is divided into nine (9) sections. Section 1.1 provides the aim of the study by investigating the corporate social responsibility (CSR) initiatives of multinational oil companies in host communities in the Niger- Delta and the corresponding effect on social performance outcome of oil companies' operation. Section 1.2 presents justifications for this research in relation to experiences of developing countries. Section 1.3 describes the problem statement that underlies the present study. Section 1.4 gives insight into the general and specific research objectives. Section 1.5 states the main research question, followed by sub-research questions; from which appropriate research hypotheses were developed in chapter four. Section 1.6 defines the scope of the study. Section 1.7 enumerates the contributions of the research to knowledge, particularly concerning concerns theory, the management of oil companies and those that make policy for the government. Section

1.8 provides the structure of the thesis. Section 1.9 serves as a foundation for discussion in subsequent chapters of the thesis.

1.1 Aim of the Study

The aim of the study is to investigate the effect of corporate social responsibility and stakeholder management on corporate social performance of multinational oil companies (MOC) in Nigeria. To achieve this aim, the researcher investigates the activities of MOC in the Niger-Delta oil region of Nigeria on the issues affecting their CSR initiatives and the corresponding effect on firm social performance outcomes. Thus, while there are numerous actors who are directly or indirectly affected by corporate behaviour, the focus of this study is on employees and host communities as some of the main stakeholders in Nigerian oil industry (see Freeman, 1984; Carroll, 1979). Importantly, previous authors on CSR in Nigeria have indicated that research in this area is at the lowest ebbs (Eweje, 2006; Eweje, 2007; Frynas, 2005; Frynas, 2010; Idemudia, 2009; Idemudia and Ite, 2006). Therefore, the nature of the present study influences the choice of quantitative methods for both data collection and analysis, with the aims of providing a better understanding of CSR and stakeholder management on social performance outcome of MOC in the Niger-Delta.

1.2 Research Rationale and Justification

Recent development in business cycles is an indication that a firm's survival rests on the ability of the managers to create sufficient wealth and satisfaction for its primary stakeholders (Jamali and Mirshak, 2007; Mishra and Suar, 2010). The past couple of decades show that the analysis of the role of the large corporation in its social context featured in most of the literature; from far reaching social and political theory to the history of the most detailed studies of organisational behaviour, decision-making, and management (Preston, 1975). In addition, there is a debate on the potential and limits of voluntary initiatives for improving the social and environmental record of big business, as well as their role in developing countries, where companies may not be subject to the same type of pressures and market opportunities that encourage business in richer

industrialised countries (UNRISD, 2000). Thus, few studies have investigated CSR from the perspective of stakeholders (e.g. Delgado-Ceballos et al., 2012; Fassin, 2009; Maretno and Harjoto, 2012; Turker, 2009a).

This research is a renewed effort aimed at changing the mind-set about CSR measures and the need to consider context-specificity when determining CSR and its measures. Specificatives conceived by this study are a social investment for redressing social and environmental challenges facing the Niger-Delta region in Nigeria. These four CSR dimensions (compliance to industry standards, corporate legitimacy, regulatory infractions and CSR initiatives) and CSP dimensions (environmental performance, community relations and community perception) have the strength to stimulate growth and development in the Nigeria oil region.

Moreover, there are several factors that make CSR a distinct area worthy of study, indeed; this research makes a significant contribution to the subject under investigation. CSR is an embodiment of social, economic, environmental and ethical issues bounded together as inseparable elements of social life (Fauzi et al., 2010). Also, firms are pressurized to ‘do something’ about the environment, community development or global warming (Frynas, 2005). At times, the community is not always identified as a stakeholder, when aiming for clear, concrete goals of corporate effectiveness and survival (Boehm, 2002). Hence, the community is regarded as a stakeholder sometimes within the context of belief among the corporate leadership that the affairs of the society may influence the corporation. The serious social engagement of a company was triggered by pressure group campaign against it and illustrated by the impact of the “1995 Brent Spar and Nigeria crises on Shell’s conversion to CSR” (Frynas, 2005 p. 277). Thus, all the issues that relate to CSR and community expectations as discussed above help to determine the nature of relationship between MOC and host communities, and the possible effect on firms’ social performance outcome.

The present research will be of benefit to the practising managers in the oil and gas sector in Nigeria. Similarly, this study will be useful to individuals and the government. Indeed, this research demonstrates how regulatory bias and government involvement in

oil and gas industry likely weaken the level of social attention that MOCs provide. This research provides insight into the way the regulatory authority and government may give attention to CSR initiatives of MOC in Nigeria. Undoubtedly, this study contributes to the general knowledge of CSR and stakeholder management. The researcher uses the opportunity of this study to identify the scope of existing research in Nigeria (e.g. Ako, 2012; Amao, 2008; Ameashi and Amao, 2009; Boele et al. 2001; Frynas, 2005; Opara and Wynn, 2012), thereby identifying the gaps in the literature on CSR in the Nigeria oil industry.

To drive the CSR-CSP framework, the Nigeria oil industry was chosen as a point of reference in this study because of its record on CSR compared to other sectors of the economy in Nigeria. This is consistent with the argument of Transparency International that the oil and gas sector is stated as the third most likely and commonly identifiable entity involved in bribes, because of public works contracts and arms deals, while mining industry ranks seventh (World Bank, 2005). The Nigeria oil industry experience accelerated growth and development after the deregulation of downstream oil sector in year 2000 (Nkogbu and Okorodudu, 2015), which was previously characterised by corruption because of petroleum subsidy from the importation of petroleum products for local consumption.

1.3 Statement of Problem

The motivation for this study emanates from the questions posed by alleged environmental abuses by MOC in the Niger-Delta. In addition, present research investigates the effect of depleting non-renewable resources and corresponding harm to the environment including air emission, discharge of liquid effluents and large solid waste generated (e.g. Azapagic, 2004; Eweje, 2007; Idemudia and Ite, 2006). Consequently, the analysis of CSR to academia and practitioners is still embryonic and theoretical frameworks, measurement and empirical methods are yet to be resolved (McWilliams et al. 2006). Although, the primary objective of an organisation is to maximise profit and wealth of the shareholders (Friedman, 1970), the executives must pay some strategic attention to those groups which are important to the success of the organisation (see Freeman, 2001; Freeman and Jeanne, 1997; Jamali, 2008). Prominent

scholars in the field of CSR see the reasons for MOC going beyond the profit objective by considering those stakeholders that might be affected in the course of its operation (e.g. Carroll, 1979; Carroll, 2004; Freeman, 1984; Freeman and Jeanne, 1997). The oil companies are also accused of unethical business practice and social ills within the society, coupled with undeniable evidence of bribery, extortion, conflict of interest, kickbacks and commission fee (World Bank, 2005).

The present study, therefore, investigates the effect of CSR and stakeholder management on corporate social performance of MOC in Nigeria. Moreover, previous research evidence on CSR in Nigeria shows that the study of CSR and stakeholder management is still at the low level (Eweje, 2007; Idemudia and Ite, 2006; Frynas, 2005). Also, other researchers on CSR and corporate social performance conducted their studies on the activities of Shell Petroleum in Nigeria oil industry (e.g. Boele et al., 2001; Eweje, 2006b). But this research investigates the effect of CSR and stakeholder management on corporate social performance of MOC with the focus on employees of MOC and host communities using the sample of big four MOC in Nigeria (i.e. Shell Petroleum, Chevron, Exxon Mobil and Total) and representatives of the host communities. In addition, this study investigates how to fill the gaps in the knowledge of CSR and stakeholder management literature.

1.4 Objectives of the Study

A stakeholder as a concept is a combination of consumers, employees, shareholders, community, government, competitors, and the natural environment. This study focuses primarily on employees and host communities as some of the most important stakeholders in Nigeria oil industry. Consequently, this study identifies research gaps in the literature and deficiencies in our knowledge from previous and related studies, in order to uncover specific evidence that may account for variation of outcomes (e.g. Bryman and Bell, 2011; Collis and Hussey, 2014). As a result, well regarded CSR research journals, articles, books, and Google scholars that are widely recognised were employed. The objective is to access as much research-based information as possible on the issue of CSR and stakeholder management in relation to social performance outcome of MOC in Nigeria (e.g. Yang et al. 2011).

Hence, the main research objective is to investigate the effect of corporate social responsibility (CSR) and corporate social performance (CSP) on employees and host communities as main stakeholder of MOC in Nigeria based on the underlying research objectives. As a result, the present research seeks to investigate the specific key objectives based on the gaps identified in the literature from the previous studies of CSR measures.

The objectives of the study therefore, are as discussed below:

- To investigate the influence of compliance to industry standards on environmental performance by MOC in Nigeria.

The literature reviewed reveals that corporations are held responsible for most of their environmental actions (e.g. Bergquist, et al., 2013; Henri and Joureault, 2008; Turker, 2009b). Consequently, corporations are expected to measure, control and disclose their environmental performance actions. Therefore, this study is of the view that compliance to industry standards influences the environmental performance of multinational oil companies in Nigeria. Since the main stakeholders in this study are employees and host communities in the oil industry in Nigeria, stakeholder theory is employed in this research to ascertain the significance of each stakeholder (i.e. employees or host communities) whether it possesses supportive, marginal, non-supportive, mixed blessing attributes (Savage et al., 1991), towards achieving the corporate goal.

- To investigate the influence of corporate legitimacy on community relations by MOC in Nigeria.

Legitimacy is the way by which corporate managers comply with the social contract through the disclosure of information, which meets the expectation of the host communities (e.g. Roman and Grant, 2013). Organization is not in position to manage legitimacy, but to undergo a continuous adaptation to the external environment (Panwar et al., 2014). Due to the pressure experienced as a result of changes in societal expectations (Castello and

Lozano, 2011), some corporations have started to intensify their CSR engagement by introducing new CSR initiatives in their communications with stakeholders.

The perceptions towards legitimacy and the behaviours of the stakeholder exist at the intergenerational level of analysis (Santana, 2012). Moreover, this legitimacy is mostly influenced by a broader societal perception of the stakeholder's organizational legitimacy. Thus, understanding the diverse forms of legitimacy has been a major challenge across the world today (Castello and Lozano, 2011). While trying to simplify the complex social context (Santana, 2012), a lot of factors influenced managers' decision which include societal norms and recognized behaviors; organizational values, principles, and strategies. Therefore, this research postulates that corporate legitimacy influences community relations of multinational oil companies in Nigeria based on evidence from the literature.

- To investigate the influence of corporate legitimacy on community perception by MOC in Nigeria.

Evidence from the literature reveals that corporations need to perform well, and also assume some of the social responsibility activities in order to earn their legitimacy from the host communities (e.g. Roeck and Delobbe, 2012; Frynas, 2005). Corporations embrace CSR initiatives in order to gain and hold power and legitimacy (Deegan, 2002; Milne and Patten, 2002). The present research supports these evidences from the literature through the gaps identified in the context of this research. As a result, this study investigates the influence of corporate legitimacy on community perception.

- To investigate the influence of regulatory infractions on environmental performance by MOC in Nigeria.

Dawkins (2014) stresses that there are ample ethical premises for good faith, thus, it includes virtue, duty, moral discourse, and utility. Example of good faith represents a moral question that needs to be answered by classifying the

conception of honesty (Dawkins, 2014; Miller, 2002), and to determine which moral standards of conduct are reasonable, universal conceptions and broad global standards as distinct from fixed and absolute criteria (Winsor, 2013).

A positive framework may permit all the participants who are part of the development of international policy regimes to propose specific definitions and criteria, legal and ethical standards, public policies, and business strategies and with conditions or restrictions for promoting progress toward human welfare improvement. Evidence from the literature revealed that corporations need to be honest by avoiding infractions in their corporate social performance. However, this study investigates the influence of regulatory infractions on environmental performance, in order to fill the gaps created by previous studies in this research.

- To investigate the influence of CSR initiatives and on community relations by MOC in Nigeria.

Given that CSR initiatives are perceived to be driven by company-favouring outcomes on the part of stakeholders (Bhattacharya et al., 2009), the return on CSR investment is anything but guaranteed. CSR is the evolving concept for understanding corporations' instrumental and ethical obligations for addressing some of the CSR initiatives of corporations (Tobey and Perera, 2012). Good community relations ensure that divergent local norms are not due to individuals in the community (Martins, 2012), because corporations are seeking to create meaningful connections within the host communities (Lacey and Lamont, 2014). However, literature on CSR initiatives and community relations revealed that there is a gap on the previous research which leads to investigation of the influence of CSR initiatives on community relations of MOC in Nigeria.

- To investigate the influence of CSR initiatives on community perception by MOC in Nigeria.

Due to the riots of the 1990s, the Nigerian government encouraged the oil companies to directly fund socio-economic programmes within the communities (Human Right Watch, 2005). The relationship between oil companies and the communities are regulated under the Memorandum of Understanding (MoUs) negotiated with the representatives of the communities under the supervision of the government (Renouard and Lado, 2012). The MoUs are the non-legally binding commitments of oil companies towards the host communities; with the understanding that oil companies should spend part of their revenue, which is mostly tax deductible on road construction, health and educational infrastructures, basic education and initial training of youth (Renouard and Lado, 2012). CSR initiatives of oil companies determine the perception of the host communities towards the oil companies.

Literature review helps to understand the previous work on CSR initiatives of oil companies in Nigeria towards the host communities. Hence, this study tries to fill the research gaps by investigating the influence of CSR initiatives on community perception by MOC in Nigeria.

1.5 Research Questions

To achieve the overall aim of the present research and meet the research objectives, the following research questions are provided. However, the central research question around this study is stated below:

- What is the effect of the CSR and stakeholder management on the corporate social performance of MOC in Nigeria?
- Does compliance to industry standards predicts environmental performance by MOC in Nigeria?
- Does corporate legitimacy predicts community relations by MOC in Nigeria?

- Does corporate legitimacy predicts community perception by MOC in Nigeria?
- Does regulatory infraction predicts environmental performance by MOC in Nigeria?
- Does CSR initiatives predicts community relations by MOC in Nigeria?
- Does CSR initiatives predicts community perception by MOC in Nigeria?

1.6 The Scope of the study

The present study findings may be generalised to other MOC and countries that have some similarities with the Nigerian oil industry operating system. However, the present research investigates the effect of CSR and stakeholder management on corporate social performance of MOC in Nigeria. This includes the unending problems faced by numbers of social issues in the oil region. Therefore, it might be impossible to consider all the oil companies in the industry and due to the huge population of the host communities in the oil region, this account for the sample of four major oil companies (Shell Petroleum, Chevron, Exxon Mobil and Total) and the representatives of the host communities. The four oil companies were selected because they are the major oil producing firms in the industry; in addition, the chosen oil companies operate a joint venture agreement with the federal government of Nigeria. The clear choice of the representatives of the host communities is because most of the communities could not read or write. Further, it was underlined by the fact that the representatives of the host communities serves as a-spokespersons whenever there is an environmental problem regarding the operation of MOC in the oil region.

1.7 Contributions of the Study to Knowledge

Having identified the knowledge gaps, link between the research questions and literature, this section provides contributions to knowledge. This research provides robust idea on the understanding of the relationship between two main stakeholders (employees and the host communities) and successive effect on the operation of oil companies in Nigeria. Summary of the contributions of this study is sub-divided into:

► Theoretical Contribution

- i. The main contribution of the present study is the conceptual model which is later presented in chapter four, which shows the relationship between corporate social responsibility (CSR) consisting of compliance to industry standards, corporate legitimacy, regulatory infractions and CSR initiatives. In addition, corporate social performance (CSP) consists of environmental performance, community relations and community perception on social performance outcome (e.g. Hussein, 2010; Chen et al., 2008), using Structural Equation Modelling, Partial Least square (PLS-SEM) (e.g. Ringle, Wende and Becker 2015) for validating conceptual relationship between CSR-CSP model.
- ii. The present research model is later used to generate findings from the survey result gathered from the employees of MOC and host communities. The contribution of this research model may be linked to academia with regard to stakeholder, legitimacy and social contract theories as it relates to the significance of the two main stakeholders (employees and host communities) in Nigeria oil industry. This study shows that CSR and stakeholder management is now becoming an increasingly important issue in view of the growing demand by a number of corporations that implement CSR strategy.
- iii. Despite this growing interest in the development of CSR measurement (Hussein, 2010), research on CSR measures has generally remained limited. Although, there are few attempts to measure CSR (Bollen, 1989; Bollen and Lennox, 1991; Jo and Harjoto, 2012), but better measures are urgently required since there are no agreed measures that is presently available due to the theoretical frameworks, measurement and empirical analysis that is yet to be resolved (Turker, 2009a). This study systematically adapts CSR and CSP measurement scales, and subsequently validates the reliability and validity of the scales in the context of this research.

- iv. The major interest of this research is to investigate the relationship between CSR and CSP dimensions, and the corresponding effect on firm social performance outcome. Similarly, this study develops a scale that is useful and acceptable to the academics and managers for the measurement of CSR construct. The present research model serves as a guide for the construction of research instrument (survey) and is subsequently used to investigate the relationship between CSR and CSP via their respective dimensions.
- v. In sum, this research provides evidence for the existence of a different measure for CSR and CSP constructs, and investigates some aspects of how measures are formed, specifically, to reflect on the construct. However, a correct measurement is a very significant element for the measurement CSR and CSP by the academics and the corporations. Due to the unresolved issue of theoretical foundation of CSR which provides researcher with little guidance, and might lead to poor CSR management, thereby making CSR open to criticism (e.g. Carroll, 2015; Turker, 2009b). But, the present research takes note of some of these inadequacies and therefore develops a good measure of CSR and CSP constructs using the conceptual model of the research. In the realm of theory and practice, this research has made substantial contributions. This study has demonstrated the empirical credibility of refocusing the CSR-CSP model in the Nigerian oil industry.

► **Management of Oil Companies/ Industry**

- i. The management of oil companies should be patient to assess individual stakeholders (employees or host communities) on their own merit, by assessing each stakeholder's potential to threaten or cooperate with the organisation. They should also identify stakeholders that are supportive, mixed, non-supportive or marginal stakeholders during company's operations (Savage et al., 1991). The identification of stakeholders will provide opportunity for managers to identify attributes of each stakeholder in terms of power, urgency

- and legitimacy which is fundamental in the determination of stakeholder salience.
- ii. This study demonstrates the significance of satisfying the expectation of the two main stakeholders (employees and host communities). The expectation of the host communities is high in terms of CSR initiatives expected from the oil companies. Moreover, timely, formal and informal ways of identifying with the host communities is required to guarantee continuous oil exploration, by providing basic amenities to the host communities.
 - iii. This study integrates aspects of stakeholder theory, legitimacy theory and social contract theory to investigate the effect of CSR and CSP on the social performance outcome for multinational oil companies in the Niger-Delta area of Nigeria in a way that is different from previous research.

► Policy Makers

- i. This research will guide the government/policy makers on the need to understand how CSR initiatives are implemented by the oil companies in Nigeria. Moreover, the Nigerian government should make the oil companies to realise that the implementation of CSR activities goes beyond philanthropy activities. Therefore, it should be part of the corporate objective of the MOC operations in the Niger-Delta. CSR initiatives of MOC should not be regarded as social obligation that is expected of oil companies. Social activities should instead be intensified because they are an important part of the social license to operate. Oil companies should properly engage and negotiate with the host communities, in order to identify the priority needs in the host communities.

1.8 The Structure of the Thesis

Chapter 1 provides a brief introduction of this research and serves as a foundation for discussion in subsequent chapters. The following were discussed in the chapter; study aim, research rationale and justification, statement of the problem, objectives of the

study, research questions, scope of the study, contribution to knowledge and structure of the thesis.

Chapter 2 provides the background of the study with emphasis on a brief history of Nigeria, the Nigeria oil industry, the Niger Delta region, CSR initiatives of MOC, challenges of implementation of CSR initiatives of MOC in Niger-Delta and summary of the chapter.

Chapter 3 explores the literature for a scholarly understanding of the conceptual meaning, origin and nature of CSR. The review highlights the main definitions of the CSR construct from academic and business/corporate viewpoints, and the significance of CSR definitions to the research. In addition, it explores the diverse perspectives of CSR, the stakeholder relationship and CSR initiatives and corporate social performance.

Chapter four is a continuation of literature review in chapter three but focuses on the conceptual framework. This chapter reviews literature on the three main theories of CSR (i.e. stakeholder, legitimacy and social contract theories), which lead to the development of the hypotheses.

Chapter five unveils the research methodology employed for conducting the empirical research. The methodological issues like ontology (viewpoint on reality), epistemology (base on acceptable knowledge), axiology (role of values held by researcher) and methodology (means of acquiring knowledge), research paradigm, method/design/strategies/ techniques are discussed. The philosophical standpoint of the thesis is positivist.

Chapters six presents the pilot study and the preliminary findings, along with the demographic profile of the respondents. Factor analysis also conducted, in order to determine reliability and validity of research instrument. Similarly, the reliability and validity of the measurement instrument confirmed.

Chapter seven addresses the data analysis and summarises the results, with a focus on demographic profile of the respondents. Analysed data through: Partial Least Squares (PLS-SEM). PLS-SEM analysis was conducted through SmartPLSM3 version 2

techniques to guide the study discussion. The review of the previous literature was used to check the connection between earlier studies and the findings from the data, in order to look for the area of agreement and disagreement.

Chapter eight provides discussion and major findings of this research.

Chapter nine constitutes the conclusions and recommendations of the study. It discusses the limitations of the study and the implications of the present research to the academia, managerial practice, and the oil industry in Nigeria, as well as the suggestions for future studies.

1.9 Summary of the Chapter

This chapter provides the foundation on which the research process contained in this study, focused on the effect of CSR and stakeholder management on corporate social performance of MOC in Niger-Delta. In addition, the discussion is based on the motivation for this research and account for the study aim, objectives and how the study is going to meet these objectives. It also provides answers to the research questions. Overall, the contribution of the study to body of knowledge was discussed and the structure of the thesis outlined. The next chapter provides the background of the studies and history of the oil industry in Nigeria.

Chapter Two

Background of the Studies

2.0 Introduction

Chapter two provides insight into the contextual environment and geographical area where this study is carried out. There are five (5) sections in all. Section 2.1 discusses the history of Nigeria. Section 2.2 provides information on Nigeria's oil industry and the reported performance of the regulatory authority (i.e. Nigeria National Petroleum Corporation). Section 2.3 provides insight into Niger-Delta oil region and a map of the states in Nigeria that make up the oil region (See Appendix 2.1). Section 2.4 highlights some of the CSR initiatives of the big four multinational oil companies (Shell Petroleum Development Company, Chevron Oil Company, Exxon-Mobil Oil Company and Total Nigeria Oil Company) in Nigeria. Section 2.5 discusses challenges that were experienced by multinational oil companies in implementing CSR initiatives to the Niger-Delta oil communities.

2.1 Brief History of Nigeria

The evolution of Nigeria from 1849 until her attainment of independent in 1960 is largely the story of the transformational impact of the British on the peoples and cultures of the Niger-Benue area (FGN, 2012). Moreover, the British were in Niger-Benue to pursue their interests, largely economic and strategic, and while pursuing these interests, there were many unplanned outcomes. The first major step was taken in 1849, as part of an effort to sanitise the Bights of the Benin and Biafra which was notorious for slave trade, British created a consulate for the two Bights (FGN, 2012).

The British converted the coastal consulate and its immediate hinterland into the oil Rivers Protectorate in 1885 which was transformed into Niger Coast Protectorate in 1893. As a result, this development led to deeper and closer involvement in the administration of the people and societies of this segment of Nigeria. By middle of twentieth century this area was then regarded as Eastern Nigeria (FGN, 2012). Consequently, in 1862 the British annexed the Lagos area and its immediate environs and converted it to a crown colony. According to historical records, this was done, in

order to abolish slave trade, because it was used as the export point. In a related development, in 1897, British influence and power had overflowed the frontier of Lagos and affected all the Yoruba land which was later attached to Lagos as a protectorate and the political and administrative unit then known as Western Nigeria in 1950.

In addition, British administered political ‘baptism’ on the Greynes National African Company which successfully squeezed out rivals, British and non-British, from the trade in lower Niger and following the trade war, almost unprecedented ferocity (FGN, 2012). Due to ‘baptism’ Greynes Company became Royal Niger Company, chartered and limited. Subsequently, it acquired administrative power over a narrow belt of territory on both side of the river from the sea to Lokoja, as well as over the vast area in 20th century known as Northern Nigeria. However, 1914 offered an opportunity for making changes in the unsatisfactory arrangement, but much was not achieved in the arrangement (FGN, 2012). The evolution of Nigeria state provided a more significant thing about 1954 constitution which was in force until independence in 1960. It was Lugardian principle of centralization replaced by the formula of decentralization as a matter of policy administration of Nigeria state (FGN, 2012).

2.2 The Nigeria Oil Industry

The evolution of the oil in Nigeria and the social, political and economic impacts on the Nigeria states as well as the state-society relationship has received a lot of attention (Frynas et al., 2000; Frynas, 2005; Idemudia and Ite, 2006; Klieman, 2012). Oil was discovered in Nigeria in 1956 at Oloibiri in the Niger-Delta after half a century of exploration (NNPC, 2010). The oil discovery was made by Shell-BP at the time the sole concessionaire. Nigeria joined the rank of oil producers in 1958, when her first oil field came on stream producing 5,100 barrels per day (NNPC, 2010). Consequently, after 1960, exploration rights in on-shore and off-shore areas adjoining the Niger-Delta were extended to other foreign companies. In 1965, the exploration area (EA) field was discovered by Shell in shallow water Southeast of Warri.

In 1970, the end of the Biafra war coincided with the rise in the world oil price and Nigeria was able to reap instant riches from her oil production (NNPC, 2010). Moreover, Nigeria joined the Organisation of Petroleum Exporting Countries (OPEC) in

1971 and established the Nigeria National Petroleum Corporation in 1977, however, the company is a state owned and controlled entity, active in both the upstream and downstream sectors.

The discovery of crude oil by Shell D'Arcy Petroleum (NNPC, 2010), led to pioneer production in 1958, from the company oil fields in Oloibiri in the Eastern Niger-Delta. In the late sixties and early seventies, Nigeria had attained a production level of over 2million barrels crude oil a day. Although, the production figures dropped in the eighties due to economic slump, and 2004 saw a total rejuvenation of oil production to a record level of 2.5million barrels per day. Petroleum production and export play a dominant role in Nigeria's economy and accounts for about 90% of her gross earnings (NNPC, 2010); the dominant role has pushed agriculture, the traditional mainstay of the economy, from the early fifties and sixties to the background.

The discovery of oil opened up the oil industry in 1961, bringing in Mobil (now Exxon-Mobil), Agip, Safrap (now Elf), Tenneco and Amoseas (Texaco and Chevron) to join the exploration efforts both in the on-shore and off-shore area of Nigeria (NNPC, 2010). The development was enhanced by the extension of the concessionary rights previously a monopoly of Shell to newcomers. The government objective for doing this was to increase the pace of exploration and production of petroleum. Recently, more companies, both foreign and indigenous have won concessionary rights and they are into oil exploration (NNPC, 2010). Oil exploration and marketing in Nigeria are inform of joint venture (JV) partnership agreements and production sharing contracts (PSC) between the Federal Government of Nigeria (FGN) and oil companies (Idemudia and Ite, 2006), and the activities of the oil companies are regulated by the Nigeria National Petroleum Corporation (NNPC, 2010). Due to the Federal Government's proxy role in the oil sector, NNPC holds an average of 57% in the joint venture partnership arrangements with multinational oil exploration and production companies in Nigeria (Idemudia and Ite, 2006).

The population of Nigeria estimated at one hundred and seventy-eight million five hundred thousand inhabitants (United Nation, 2016) and the Niger-Delta region accounts for approximately thirty million Nigerians (SPDC, 2011) and MOC employed

approximately ten million from Nigeria population. In addition, the private sphere of the Nigeria oil industry is dominated by oil companies and the emergent of these oil companies are classified into first and second generation (Idemudia and Ite, 2006), on the basis of the date they went into full independent concessional agreement with the FGN. Thus, the first-generation of oil companies account for 90% of the total crude oil production in Nigeria. Table 2.1 provides the detail of the advent of these multinational oil companies in Nigeria.

Table 2.1: First and Second-Generation Oil Companies in Nigeria

First Generation Oil Companies	Date	Second Generation Oil Companies	Date
Shell	1937	Statoil/BP Alliance	1992
Mobil	1955	Esso	1992
Chevron	1961	Total Nigeria	1992
Texaco Overseas	1961	Amoco	1992
Elf	1962	Conoco	1992
Phillip	1962	Abacan	1992
Pan Ocean Oil	1972		
Bought Over Ashland Oil	1973		
Agip	1979		

Source: Idemudia and Ite (2006) 'Corporate-community relations in Nigeria oil industry: Challenges and imperatives', *CSR and Environmental Management Journal*, 13 (4) pp. 194-206.

The first-generation oil companies in Nigeria maintained their dominance in the oil industry, because of the first mover advantage, while the second-generation oil companies are confined to areas either left behind by the first-generation oil companies or the newly discovered oil blocks (Frynas et al., 2000). As such, Idemudia and Ite (2006) claim that oil industry in Nigeria mainly dominated by the two of its three stakeholders (Federal Government of Nigeria and multinational oil companies). However, the consideration of host communities as a stakeholder in the Nigerian oil industry is new in the CSR literature and as such; little attention is given to the host

communities regarding decision-making, particularly on those that affect them in the oil industry (Idemudia and Ite, 2006).

2.3 The Niger-Delta Region

The Niger-Delta is a wetland area made up of several ecological zones, including sandy coastal ridge barriers, mangroves, permanent and seasonal fresh water swamp forests, and low land rain forests (SPDC, 2011). In addition, the region is home to more than 3,000 communities and a growing population recently estimated at some 30million. Indeed, United Nations Development Program (UNDP) projects that the population will increase to 46 million by 2020 (SPDC, 2011). In fact, the region is characterised by subsistence farming and fishing, or some combination thereof, (i.e. these are the principal sources of livelihoods) (SPDC, 2011). Consequently, urbanization, industrialization and deforestation are taking a heavy toll on the region's soil, land water and air. The country's forest area has been reduced by around half between 1990 and 2008 (SPDC, 2011), and thus, degrading the region's agricultural productivity and water resources. However, local activists and residents, as well as local and foreign scientists and researchers have decried the fouling of the Delta region's air, land and water, much of it attributed to pollution associated with oil and gas exploration and production (SPDC, 2011).

In contrast to Ecuador, the Nigerian government has conceded its primary social responsibility welfare in the oil region to foreign companies (Wasserstrom and Reider, 2013), specifically to (Shell, Chevron, ExxonMobil, Total, and Agip/ENI). Consequently, NNPC has encouraged private companies to explore farther offshore in the Gulf of Guinea, where the deep-water production wells outright. Thus, most of the Niger-Delta communities cluster along creeks and or on patches of high ground in swamps that are criss-crossed by flow lines (e.g. Kashi and Watts, 2008; Wasserstrom and Reider, 2013). These communities are characterised by lack of clean water, electricity, jobs, education, and health care, but most of those amenities are readily available to the oil workers. Similarly, Wasserstrom and Reider (2013) acknowledge that not until 2005, most international companies in the Niger-Delta generally following familiar patterns in dealing with surrounding communities.

The United Nation Development Program (UNDP) describes the region as suffering from “administrative neglect, crumbling social infrastructure and services, high unemployment, social deprivation, abject poverty, filth and squalor and endemic conflict” (Amnesty International, 2009 p.1). The poverty and its contrast with the wealth generated by oil has become one of the world’s starkest and most disturbing examples of ‘resource curse’ (p. 1). In short, regulatory system in Niger-Delta is deeply flawed (Amnesty International, 2009), Nigeria has laws and regulations that require companies to comply with internationally recognized standards of ‘good oil field practice’ with laws and regulations to protect the environment, but laws and regulations are poorly enforced (p. 1).

The Nigeria oil industry is basically located within the Niger-Delta region (Idemudia and Ite, 2006). The region is the centre of oil exploration, exploitation and production since 1958 (Eweje, 2006). Nigeria is rich in oil mineral resources, with proven reserves of 35 billion barrels of oil. Additionally, the expansion of oil industry in 1980s to over 606 oil fields in the 1990s fostered a huge presence of oil companies within the region (Idemudia and Ite, 2006). However, the oil expansion meant an increase in daily contact between oil companies and the local communities, because the bulk of Nigeria’s oil fields are onshore. In the same vein, poverty is the major problem in the Niger-Delta, even though the region accounts for over 90% of national export earnings and up to 70% of revenues accruing to Federation Accounts mainly from oil production and exportation (Idemudia and Ite, 2006). Besides, foreign companies bargained with traditional leaders over low-level jobs for the ‘youth’ (e.g. men up to around 35 years old), boreholes and other small infrastructure projects, new school buildings with company’s logo prominently displayed, scholarships (often appropriated by local chiefs), and so-called ‘homage payments’ (Wasserstrom and Reider, 2013 p.83).

In fact, the high incidence of poverty is in sharp contrast to the region’s critical importance to the country’s economy (Idemudia and Ite, 2006). Also, this accounted for the development of a sense of relative deprivation and a perception of alienation within the host communities, which culminated in violent conflicts between host communities and the oil companies over land rights, compensation for environmental degradation or

the provision of socio-economic infrastructures, and these oil companies are seen as a proxy to the Federal Government of Nigeria.

Thus, the Niger-Delta communities' protests have halted oil operations and development project on several occasions initiated as a way of putting pressure on oil firms with aim of compelling the oil firms to be socially responsible, also to guarantee continue operation of the oil corporations (Frynas, 2005). For example, 'Shell's main Nigeria affiliate Shell Petroleum Development Company (SPDC) provides its major contract managers with a development budget, so that when a new pipeline is built, the manager can initiate a new development project within a community, in order to enable the construction of the pipeline without hindrance, and when the SPDC team finishes the construction of a particular section of the pipeline, the community development budget for the area is simply closed which follows the logic on why the firm embarked on the project in the first instance' (p. 585).

However, Ite (2004) argues that failure of Nigeria government to provide and actively encourage social and economic development in the Niger-Delta has led to the reliance by the government and the host communities on MOC. Thus, government economic and social policies and public administration have ironically sustained poverty in the Niger-Delta, more than other regions of the country. As a result, there is evolution of mind-set and culture of dependence on MOC (Ite, 2004). Therefore, host communities found it convenient to demand and expect 'development' from MOC in the oil region (p. 7).

Nonetheless, oil companies eventually took to widespread declaration of their commitment to pursuing CSR objectives following the regular incidence of community upheavals and increasing costs associated with the oil companies, international corporate reputation damage and subsequent need to obtain a social licence to operate (Idemudia and Ite, 2006). Moreover, they noted that "corporate community relations increasingly became a priority issue to be addressed in the business agenda of the oil companies, who employed a number of different CSR initiatives such as partnership schemes meant to benefit host communities, one-off corporate philanthropic gestures, provision of social infrastructures and stakeholder engagement" (p. 199).

Many social initiatives have been carried out following bad publicity, and this is an attempt to improve the company's reputation (Frynas, 2005). Consequently, Frynas cited an example of Nigerian village of 'Okoroba in Bayelsa state' where Shell contractor destroyed a hospital building, although, Shell promised to build a new hospital, but construction was stalled for many years. The hospital was later built following bad publicity generated especially by a director of Environmental Rights Action/Friends of the Earth Nigeria, who originated from the village (p. 585). Exploration for and producing oil and gas is risky business in the region (SPDC, 2011). According to SPDC report, the region is full of plentiful fuel, power, the jobs, and incomes provide are substantial, but come at costs, one that aren't necessarily seen or felt immediately or even during one person's lifetime.

2.4 CSR Initiatives of Multinational Oil Companies in Nigeria

Below are the CSR engagements by big four multinational oil companies in Niger-Delta region of Nigeria. The purpose is to inform the readers about some of CSR initiatives of major oil companies and the implication of these CSR initiatives to the present research.

2.4.1 Shell Petroleum Development Company CSR Initiatives in Nigeria

This section summarises the contribution of Shell Nigeria to the CSR initiatives of Niger-Delta, and these initiatives come in form of donations, provision of education to the indigent students in the host communities, training of the host communities in the essential areas of endeavours, etc. Shell is the only international oil and gas company supplying natural gas to industry locally (SPDC, 2011). Shell Nigeria Exploration and production Co. Ltd. (SNEPCo), operates in the Bonga, Nigeria first deepwater offshore oil and gas discovery, one with the capacity to produce more than 200,000 barrels per day of oil and 150 million standard cubic feet of gas (SCF) per day. Additionally, Shell also refines large quantities of Nigeria's oil exports at refineries outside the country. Indeed, fully 95% of SPDC's revenue after cost, an estimated \$7.34 billion in 2010, flows through to the government via NNPC and SPDC (SPDC, 2011). While the balance is shared between Shell and the other SPDC partners, the recent reports indicated that SPDC paid the sum of \$31 billion in taxes to the Nigeria government

between 2006 and 2010 and the offshore subsidiary paid roughly \$3.8 billion in federal taxes during the same period (SPDC, 2011). In addition, Ite (2004) revealed that prior to 1995, Shell's CSR strategy in Nigeria focused on risk and reputation management. But, in line with company strategy of contributing to socio-economic development of the Niger-Delta communities, Shell subsequently pursued the community assistance (CA) approach to development and emphasized on corporate philanthropy. However, Shell philosophy was about 'giving things' to the communities in area of water and sanitation and health care (p. 5).

Due to the country's infrastructural decay, SPDC stepped in and acted in lieu of government. More specifically, Shell Managing Director argued that "the corporation have a strong focus on community development" (SPDC, 2011). Indeed, SPDC community development involved in the provision of infrastructures in the communities. Inability of the government to intervene, SPDC stepped into the gap created by helping in improving the standard of living of the local communities. Shell is now involved in development partners to helping in addressing community needs (SPDC, 2011). The community development programmes include micro credit scheme and health scheme, twenty-seven clinics, education for young children with provision of scholarship for over 17,000 children. At the end of the year 2010, Shell trained 1,900 service providers in general contracting, developed eight local dredging companies, awarded ten United Kingdom scholarship and trained more than 3,000 in entrepreneurship, scaffolding, project management, welding, catering etc. (SPDC, 2011). Also, at the end of year 2010, Shell provided more than \$22.85 million of a total of \$71 million for local community projects.

In fact, in 2010, a new global social investment strategy was approved by Shell and the process of embedding is on-going (SPDC, 2011). Moreover, the perception of the company by the host communities are monitored annually through an independent reputation tracker and results of 2010 showed significant improvement. Consequently, in 2006, SPDC introduced new ways of involving the communities directly in the company development. The Global Memorandum of Understanding program (GMoU) entails communities proposing development projects and SPDC, on behalf of its joint

venture (JV) partners, providing secured funding for five years. SPDC provides community project leaders with access to development experts and NGOs that can assist them realise their objective.

In sum, Shell has two main CSR initiatives classified into community assistance (in area of water and sanitation, health care) and community developments (improve infrastructural facilities, improve standard of living, micro credit and scholarship). Shell provides these initiatives because of the failure of Nigeria government to come to term with the oil communities and to reduce restiveness among the youth in the host communities.

2.4.2 Chevron CSR Initiatives in Nigeria.

In this section, CSR initiatives of the Chevron Nigeria also summarised in order to inform the reader some of the CSR activities offer to the host communities in Niger-Delta. Chevron is the largest oil producer in Nigeria and one of the largest investors in the economy (CNL, 2014). In addition, the company operates under joint venture arrangement with Nigeria National Petroleum Corporation (NNPC) with assets on land and in swamp and near-offshore concessions covering approximately 2.2 million acres (8,900 sq. km) in Niger-Delta region. Also, the company has extensive interests in deepwater Nigeria and operates Agbami field one of the Nigeria largest deep-water discoveries (CNL, 2014).

Similarly, Chevron Nigeria Limited adopts a new approach to community engagement in the Niger-Delta to improve local participation in determining those programmes that need to be addressed (CNL, 2014). Chevron designed a model called the Global Memorandum of Understanding (GMoU), which gives communities greater role in managing their development through newly created Regional Development Councils (RDC). This translated into Chevron signed agreement with eight councils, however, the objective is to bring peace and stability to areas where Chevron operates (CNL, 2014). However, the company claimed that the memoranda have generated approximately 258 projects in more than 400 communities, villages and chiefdoms and benefited some 600,000 people. Also, projects worth more than \$83 million have been completed for the purpose of enhancing the quality of life in these communities.

Moreover, in 2011, Chevron announced joining the US agency for International Development (USAID) by contributing \$50 million to the Niger-Delta Partnership Initiative Foundation, which Chevron established to address the socio-economic challenges facing the region (CNL, 2014). According to the company, PIND's Economic Development Centre was commissioned in 2012 and agreement was signed with PIND for enhancing Nigeria Advocacy for Better Business Environment project, build and support regional business management organizations. Indeed, Chevron's local content policy has resulted in contracts with local businesses and generated employment and business opportunities for the communities' close to the company's operations. Also, in 2008, the company directed \$5 million of the \$30 million contributed to the Global Fund to fight AIDS, Tuberculosis and Malaria to Nigeria National Agency for the Control of AIDS (CNL, 2014).

In a related development, in 2012, Chevron donated \$1.3 million to the Business Leadership Council for the prevention of mother-to child transmission of HIV (CNL, 2014). In 2014, Chevron committed additional \$40 million to Niger-Delta Peace Initiative (NDPI) for the next five years, bringing the total resources generated by the initiative to \$140 million. Also, the company supports Riverboat Clinic, mobile health service that serves communities along the creeks and islets of the Escravos and Benin rivers in the Western Niger-Delta (CNL, 2014). Thus, the company grants scholarships to secondary school and college students and provides support for secondary school around Nigeria. In addition, the company donated \$8.4 million for 21 science laboratories and five electronic libraries known as e-learning centres and provision of funds for Lekki Conservative Centre across the street in Lagos offices.

Unlike Shell, Chevron has three main CSR initiatives which are categorised into local participation in determination of CSR programmes, mother to child transmission of HIV and scholarship to the indigent students in the communities. These initiatives aim at making communities to have sense of belongings, by making them to be productive and to reduce incessant agitation by the youth etc.

2.4.3 Exxon-Mobil CSR Initiatives in Nigeria

As a follow up to the previous section, CSR initiatives of Exxon-Mobil to the Niger-Delta communities are also discussed in this section. Exxon-Mobil Producing Nigeria (2014) claim that the corporation operates its joint venture with the Nigeria National Petroleum Corporation (NNPC), and the company is one of the largest oil producers in Nigeria (Exxon-MPN, 2014). The company commenced operation in Nigeria in 1955 under Mobil Exploration Nigeria Incorporated (MENI). The Federal Government of Nigeria has 60 percent shares with remaining 40 percent meant for Mobil Producing Nigeria (Exxon-MPN, 2014). In addition, the company was granted Oil Prospecting License (OPL) in the offshore of present Akwa Ibom state.

Furthermore, Mobil Producing Nigeria's approach to community initiatives focuses on building and development of local capacity across Nigeria (Exxon-MPN, 2014), especially around the places where the company operates its business. The company focuses on making and sustaining gain in all its socio-economic investments to ensure continued growth within its neighbouring communities (Exxon-MPN, 2014). Additionally, the company provides Graduate Assistance Programme (GAP) which makes them employable, and finance entrepreneurial capacity for unemployed graduates within the host communities by offering information, communications & technology (ICT) skills and enterprise development training. Similarly, the Arts and Skills Development Initiative for Bonny Women trains and provides Starter- Packs for women within the bonny community to go into different trade (Exxon-MPN, 2014).

The ExxonMobil women's Economic Opportunity Initiative is a global effort launched in 2005. The aim is to help women in developing countries to fulfil their economic potential and become drivers of economic and social change in their communities (Exxon-MPN, 2014). According to the company, the initiative has invested more than \$38 million to support community-based and global partners to implement programmes that directly benefiting thousands of women from 88 countries, including Nigeria. Also, the company provides the Global Women in Management Programme with the aim of improving women's management, leadership and technical skills to foster programmes that advance women's economic opportunities and build the next generation of women

business leaders and entrepreneurs. The company awards 500 undergraduates' scholarship annually to students in Nigeria universities (Exxon-MPN, 2014). The scholarship covered one academic year initially, but renewable to cover the duration of the study based on the recipients' academic and related report from the institutions. The company also awards 10 foreign post-graduate scholarships annually to qualified graduate of Nigeria universities, initially for one year, but renewable for the duration of the study based on the recipients' academic performance (Exxon-MPN, 2014).

However, one of the ExxonMobil's partners, the Family Health Care association has been working for more than ten years in Niger-Delta region of Nigeria (Exxon-MPN, 2014). In addition, the company in 2011 distributed 85,000 mosquito nets, organised malaria control workshops for over 3000 health workers and malaria control seminars for 120,000 community members, treated 1,670 pregnant women and used the rapid diagnostic test to examine and treat 27,310 people in rural communities. All these are made possible because of the grant provided by ExxonMobil that enables the association to engage hundreds of Nigeria doctors and thousands of community workers.

In contrast to Shell and Chevron, Exxon-Mobil has five main CSR initiatives which are categorized into Building and Development of Local Capacity, Socio-economic Investment, Graduate Assistance Programme (GAP), Finance of entrepreneurial capacity for unemployed graduate in the host communities and Family Health Care Association. All these initiatives are provided by Exxon-Mobil, in order to bridge the gaps created by Nigeria's government failure and also engage the youth in productive activities.

2.4.4 Total Oil Company CSR Initiatives in Nigeria

This section also provides the summary of CSR initiatives of Total Nigeria to the social-economic development of the Niger-Delta oil region. Total has been in partnership since 1962 in the development of oil and gas in Nigeria, carrying out both upstream and downstream activities (Total, 2013). Moreover, the company has been serving the Nigeria upstream hydrocarbons industry for half a century in partnership with the Nigeria Government and in different equity associations with other private companies. Nonetheless, the company is the fourth largest oil and gas producer through its

involvement in more than 50 permits including nine as operator (Total, 2013). According to the company, commitment in creating real value for all stakeholders in fulfilment of the socio-economic and environmental obligations via: as discussed below:

The young dealers' scheme created as a platform for developing capacity for young Nigerian who proves to be honest, loyal and diligent in the discharge of their duties (Total, 2013). Similarly, the company supported and empowered them to grow through the ranks from being Total Service Station attendants to becoming dealers managing their own assigned stations. The scheme has become a symbol of hope to many and represents the bedrock of the company success in Nigeria downstream industry and since the scheme becomes operational, it has produced good number of young dealers (Total, 2013). The company introduced transportation safety, through its Truck Drivers Training School and Inspection Centre (TDTSIC) where truck drivers are trained. This was established in March 28, 2011. This was borne out of the need to change the nomadic method of drivers' training to fully equipped facilities in the school that enhances the quality of knowledge for drivers (Total, 2013). This subsequently impacted on the improvement of transportation safety and reduced truck accidents on Nigerian roads.

Total signed the Diversity Charter in 2004 to prevent all form of employee discrimination while promoting equal opportunity in employment, hiring more women managers and recruiting and retaining the disable (Total, 2013). Also, the company introduced Skill Acquisition Programme (SAP) meant to reduce unemployment among the youths in the host communities. In addition, the youths are trained on various skills of their choice like wielding and fabrication, computer operation, fish and crop farming, hairdressing, woodcraft and furniture making, fashion and designing, etc.

In addition, the company provides malaria control initiative which is in line with the Group directives and part of its CSR to the host communities (Total, 2013). The objective is to create awareness among the local communities, employees and their families, as well as stakeholders on malaria control/prevention. The company also embarked on the corporate sponsorship of two family houses at the SOS children village; one in Isolo, Lagos and another in Gwagwalada, Abuja (Total, 2013). Although,

this exercise involves catering for the school fees, feeding and clothing for 20 orphaned and abandoned children living together in these villages. Total is also committed to the promotion of preventive measures against HIV/AIDS including information and awareness campaigns for employees, their families and immediate communities (Total, 2013). Also, the company embarked on donations and sponsorship initiative to promote integration of subsidiary's activities into local, cultural, and social environment and the programme is tailored to improve social compatibility and further enhance company-community relationship.

In contrast to CSR initiatives of Shell, Chevron and Exxon-Mobil, Total adopt different CSR initiatives in the host communities. Total has five main CSR initiatives which consist of the young dealers' scheme, creation of Truck Driver Training and Inspection Centre (TDTSIC), Skill Acquisition Programme (SAP), malaria initiatives and sponsorship of two family houses at SOS children village. The objectives are to create employment in the host communities and engage the communities productively.

In conclusion, CSR initiatives of all the four oil companies are similar to one another but with differences in the application to the host communities. CSR initiatives of these major oil companies serve as a baseline upon which other oil companies operating in the Nigeria oil region orientate themselves when formulating their CSR activities.

2.5 The Challenges of Implementation of CSR Initiatives by Multinational Oil Companies in Niger-Delta Oil Region.

The relationship between MOC and the community can inhibit economic development in the developing countries, particularly, around the type of infrastructure required by the multinational companies (Paul and Barbato, 1985). Multinational companies develop interest in emerging countries because of abundance of natural resources, cheap labour, weak government structures, and globalization of communications. However, evidence shows that the business-as-usual approach to the multinational companies is no longer risk free, given that corporate misdemeanours are often broadcast in real time to socially aware consumers and investors at home and abroad (Muthuri, et al. 2012). At times, corporate social initiatives have been used for public relations purposes, irrespective of

their success in fostering the long-term development of a local community (Fynas, 2005).

On the other hand, in extreme cases, oil companies have publicized projects which did not exist on the ground, or were only partially functional, a practice made easier in developing countries because of the difficulties of verifying all such claims. Example is when “Shell Nigeria claimed in the advertising brochure that in August, 1996 that the Kolo Creek flow station was providing associated gas for rural electrification scheme; but during the visit by the author in early 1997, associated gas was still being flared there”. (p. 585). Meanwhile, this is a typical example of marketing distortion and underlines the importance of public relations for CSR practice (Frynas, 2005). An attempt to foster long lasting harmonious corporate community relations cannot take place without an attempt to transform community perceptions (Idemudia and Ite, 2006).

The effect of the skewed nature of the relationship that surrounds oil exploration could be managed through appropriate CSR policies and practices, as this can serve as leverage and create room for community involvement and participation in decision-making within the oil industry (Idemudia and Ite, 2006). Moreover, most critical issues among MOC in Nigeria, today, is the stability of the oil and gas sector (Eweje, 2007). Also, there is pressure on the Nigerian government and MOC to bring in more developmental projects to the communities that contribute over 80 percent of the country’s revenue. Thus, there was a time when the host communities turned against the MOC because they felt that as Mitte: the president of the Movement for the Survival of the Ogoni People, a community in Niger- Delta area of Nigeria put it, “they were not getting enough social and economic infrastructures and assistance from the MOC” (Eweje, 2007 p. 220). Indeed, MOC was accused by the host communities for their inability to address the social and environmental problems as claimed by the oil corporations.

The oil companies were accused of “damaging roads due to the impact of their operations, and their locations sometimes denied the host communities from setting up market stalls where their farm produces would be bought” (Eweje, 2007 p. 227). Further investigation revealed that one of the oil company executives stressed that the companies “providing the services because they want their host communities to benefit from the success of their

operations from their communities and lands” (p. 227). Consequently, host communities were of the view that most of the developments were only reflected on the books, not on the ground, and even then, it is not based on the priorities set by the communities, but what suits the public relation image of the company.

Besides, the Nigerian government wished to maximise its return from MOC revenue with little attention both within Nigeria and supra-national organisations, foreign governments, and international organisations (Eweje, 2006a). The assumption among the communities is that MOC is responsible for social and environmental problems (Idemudia, 2009). According to Idemudia and Ite (2006) despite the widespread acknowledgements of the importance of community perceptions to CSR and the conflict in Niger-Delta, there are no systematic efforts to study and understand the nature of community perceptions by the oil companies to incorporate community perceptions into the design and implementation of CSR initiatives. Besides, the community perceptions are often taken at face value assumed or tactically neglected by MOC, and the net effect is that genuine CSR initiatives by the oil companies are often likely to be perceived as public relations stunts by members of the local communities.

The relationship between MOC and the host communities were further strengthened by the development of new forces in civil society, laws and regulations designed to promote greater corporate responsibility (Boele, et al., 2001). Around the world, codes of corporate governance have been developed to meet the need for greater transparency and accountability to investors and other stakeholders. In the same vein, the communities in the Niger-Delta region perceived developmental projects as the property of the oil companies that sponsored them, rather than the property of the community which invariably bred a culture of dependency (Idemudia and Ite, 2006). Nonetheless, the oil companies are not only expected to provide these socio-economic infrastructures, but they are also expected to be responsible for their maintenance and management. These expectations from the communities’ place further pressure on the CSR resources of oil companies in turn putting the communities and the MOC at loggerheads with each other. Frynas (2005) argues that investigation into Shell activities in Niger-Delta revealed that the company was still essentially trying to “buy off the local people with gifts, rather than

trying to offer them genuine development, this followed the logic of using CSR to maintain a stable working environment and improve the perceptions of Shell” (p. 587).

2.6 Summary of the Chapter

This chapter provided useful information about Nigeria before and after independence in 1960, and the amalgamation of the Northern, Western and the Eastern Nigeria in 1914. The chapter highlighted the efforts of regulatory authority in the oil industry. The present chapter also discussed the exploration and exploitation of oil activities in the Niger-Delta. CSR initiatives of the big four oil companies (Shell Petroleum, Chevron, Exxon-Mobil and Total) were discussed to make comparative assessment of these initiatives in the host communities. The chapter concludes by discussing the challenges faced by MOC from the host communities in the process of performing CSR activities. In sum, the discussion further shows the direction of this research. The next chapter provides literature review of CSR, stakeholder management and corporate social performance around this study conceptual framework.

Chapter Three

Literature Review

3.0 Introduction

The previous chapter discussed the history of Nigeria, Nigeria oil industry and Niger-Delta region and CSR initiative of the big four oil companies in Nigeria. The present chapter is organised into eight sections. Section 3.1 provides overview of CSR for deeper understanding of the meaning, origin, and business environmental impact on CSR. Section 3.2 discusses challenges of CSR initiatives of oil companies in Nigeria. Section 3.3 describes two-dimensional model of CSR, and the intention of this study is to provide alternative model that will be widely acceptable in the CSR literature. Section 3.4 provides discussion around who are stakeholders in a corporation? Section 3.5 discusses stakeholder categorisation and typologies. Section 3.6 discusses the relationship between corporate social performance and community engagement. Section 3.7 concludes with the summary of the literature reviewed.

3.1 Overview of CSR

For literature review to be meaningful, it must take the form of conceptual work and research work. The conceptual work offers opinions, ideas, theories or experiences of experts in the field of study, while research work gives accounts and results of the earlier research which has been undertaken (Brown, 2006). The interest in firms' behaviour, most especially large companies (O'Riordan and Fairbrass, 2014), has been re-ignited for years because of the consequence of numerous reported 'scandals' involving many corporations (O'Riordan and Fairbrass, 2014; Kemper and Martin, 2010). Corporate scandals have triggered challenge for business managers to decide how, on daily basis, to operationalised CSR and manage their firm's obligations to their various stakeholders (O'Riordan and Fairbrass 2014; O'Riordan and Fairbrass, 2012). Taghian et al. (2015) claimed that CSR is the voluntary actions taken by firms to benefit social and environmental causes and communicated to the organisation's key stakeholders. Corporate giving programs provided an evidence of firm's social responsibility (Cantrell et al., 2015), and a meta-analysis of how CSR activities have been presented in corporate

reporting. CSR is defined in numerous and even contradictory ways (Bissoon, 2018). It is multidimensional concept and there is lack of consensus over what social responsibility entails.

As the world is currently facing numerous economic, social and environmental crises (e.g. Bissoon, 2018), the question of validity and sustainability of the existing business and development models now arises. CSR is a prominent construct in the literature (Turker, 2009a), but it is still difficult to provide a commonly accepted definition of CSR (Carroll, 2015; Wood and Logsdon, 2016). Previous studies of CSR in Nigeria have divergent views regarding the commitment of MOC to CSR activities of the host communities (e.g. Ako, 2012; Amao and Amaeshi, 2009; Frynas, 2005, Opara and Wynn, 2012). The corporate entities of the current dispensation have accepted that social responsibility initiatives are corporate issues and now a core of the corporate objective (Idowu and Louche 2011). The increasing pressures of businesses on humanity and natural environment have significantly raised concerns among people around the world (Turker, 2009a).

Researchers, managers and investors patiently evaluate the changing ethical environment and prolong emphases on CSR, and growing literature that emerged over the last decades on the link between CSR, stakeholder management and corporate social performance (e.g. Chang et al., 2014). These empirical literatures try to establish the business case for CSR which provides consistent evidence of positive relationship between CSR and firm social performance outcome. Since CSR provided contradictory definitions of CSR concept (Turker, 2009b). Comprehensive review of literature from the evolution of CSR to date show that one of the main problems in the literature is to provide conceptual framework of CSR that provide alternative to the previous studies (e.g. Carroll, 2015; Turker, 2009b). CSR as a socio-political movement which generates private self-regulatory initiatives (e.g. Gatti, Vishwanath, Seele and Cottier, 2018; Sheehy, 2015), Incorporating public and private international law norms seeking to ameliorate and mitigate the social harms and promote public good. The definition does not refute precedent definitions and approaches, but it contributes to CSR debate.

CRS continue to be focus point in many corporate board rooms of business corporations (Abukari and Hamid, 2018), and remains an emerging concept among the third world

countries (Muller and Kolk, 2008), which Nigeria is not an exception. The financial crisis of 2008 has provided enough evidence to conclude that CSR as a concept has come to stay; even at the height of the crisis CSR continues to thrive in most corporations (see Idowu and Louche, 2011; Kemper and Martin, 2010). Friedman (1970) argument in support and against the CSR of corporation has been debated on for years, and corresponding impact on business performance provided by numerous authors and practitioners (see Carroll, 2004; Carroll and Shabana, 2010; Garriga and Mele, 2004). CSR activities goes beyond firm's legal requirement and they involve a sacrifice in short-term profit (Chetty, Naidoo and Seetharam, 2015). There is growing number of literature on the effect of CSR and firm performance since the 1960s, and no consensus reached among the CSR scholars. Corporate managers regularly raise the issue of how much CSR is sufficient to fulfil the organisation's primary objective (Kemper, Schilke, Reimann, Wang and Brettel, 2013; Smith, 2009), CEO often operates in environments that is fill with intense competition and dire economic straits often raise the question of whether there is need for CSR initiatives.

Literature revealed that there is continuous emergence of new terms, concepts and meanings of CSR (Carroll, 2015). Matten and Moon (2008) argues that there is a need to understand the meanings and practices of business responsibility in different countries. In fact, there are differences in practice of CSR across- national in terms of underlying meanings and issues. Moreover, the "core of CSR is idea that reflects the social imperatives and social consequences of business success" (Matten and Moon, 2008 p. 405). CSR empirically consists of clearly articulated and communicated policies and practices of corporations that reflect in CSR of business to wider societies. Wood and Logsdon (2016), shows that numerous definitions of CSR reflect the state of the social issues in management literature. The historical review of literature shows that the notion of CSR starts with the increasing concerns of people about environmental degradation (Turker, 2009b). Moreover, the responsibility of business to natural environment is not only to avoid environmental harm, but also to protect and improve the natural environment.

History revealed that there are continuities and improvements on earlier conceptual development. Moreover, people publishing on social issues management- relevant topics and areas, which appear to have no acquaintance with the field's history and literature (Wood and Logsdon, 2016). CSR is not a new concept (Malik and Kanwal, 2016), the construct has historical existence. Many of the researchers define CSR based on their point of view. Erhemjamts et al. (2013) revealed that agency position on CSR stress that absent of strong control from stakeholders and managers can resourcefully exploit corporate resources to pursue goals that enhance personal interest at the expense of shareholders' cost. CSR programmes are now becoming increasingly popular elements of corporate strategies (Pirsch et al., 2007), in addition, the concept now acts as a defence for corporate behaviour, and help company recover from market crisis. Shaukat et al. (2016) acknowledge that CSR is driving by both firm's internal CSR-related needs, as well as its external CSR-related considerations. Both firms internal and external -CSR needs and considerations determine how comprehensive and proactive a firm's board CSR strategy is, and further determine firm's CSR performance.

CSR building has become an evidence during extensive review of previous studies (e.g. O'Riordan and Fairbrass, 2014), which revealed that there is not enough theory and empirical data on CSR and CSP in Nigeria oil industry. The entire manifestation and direction of corporate responsibility of business is at the instance of the corporation (e.g. Jamali and Mirshak, 2007; Matten and Moon, 2008). Thus, Branco and Rodrigues (2006a) see present- day dominant of CSR to imply that firms voluntarily integrate social and environmental concerns in their relations, and interactions with stakeholders. The continuing commitment by business to behave ethically and contribute to economic development, while improving the quality of life of workforce and their families, as well as the local community, and society at large are paramount to successful implementation of CSR initiatives strategy. Kemper et al. (2013) claim that extant research, does not provide a consistent description of the direct performance effect of CSR.

Malik and Kanwal (2016, p. 2) indicate that 'CSR is a way of managing the business organizations, its social activities and performance, so that it has positive impact on society'. Musa (2008) claims that CSR continues to be one of the most debated

management philosophies. Therefore, the notion of a firm's societal obligation, which the concept connotes, is well celebrated among the academics and business practitioners, thus, resulting in excess of literature, ranging from conceptual definition and meaning to strategic importance (e.g. Frynas, 2010; Margolis and Walsh, 2003). The notion of CSR of business has been in existence for long (Carroll and Shabana, 2010), despite early CSR initiatives. There was always the built-in premise by engaging in CSR initiatives, Businesses would enhance the social environment in which they existed, and such efforts would be in long term enlightened self-interest. Duke and Kankpang (2013) see CSR as a collection of activities which the firms undertake voluntarily or discretionally that are of benefit to the society.

In today's business environment, business is under increasing pressure to engage in practice described as CSR (Torugsa et al., 2013), whilst many of such practices are driven by regulatory compliance, Business is encouraged to go beyond this and take a more active role in meeting societal needs. The corporate citizenship advocates have pointed out some flaws in the CSR concept (Valor, 2005); therefore, CSR and the stakeholder's concept complement, and reinforce each other. There is difficulty in defining CSR strictly as responses from the public, or even governments (as exemplified in the BP Gulf Mexico saga) that may interpret certain corporate actions or omissions to fall within the realm of CSR (Ako, 2012). Eweje (2006) claim that social responsibility involves two major participants: business and society, and the ambiguity remain because the social responsibility of the business is whatever society decides that is of utmost important. The pursuit of long-term profits encourages firms to treat other parties well and to avoid misleading them (Armstrong and Green, 2013) For instance, firms tell customers about the limitations of their product to retain the benefits of good long-term relationships and avoid the cost of dealing with disgruntle customers and with lawsuit (Armstrong and Green, 2013 p. 1923).

These extra-legal obligations cover a wide range of issues that are in some way related to a corporation's business conduct. In fact, Jamali and Mirshak (2007) stress that CSR is founded on a stronger recognition of the role of business as an active partner in a world of scarcity and dwindling resources. Albeit, argument for and against CSR have been around

for decades (Carroll and Shabana, 2010). However, the legitimate perspective that there are, indeed, two sides of the argument with respect to almost any concept. CSR should be seen as a global phenomenon by incorporating developing or emerging countries (Dobers and Halme, 2009 p. 246). Since CSR discussion is mostly centre on US and European perspectives reflecting the experiences ‘from the ground’ in the global South.

Furthermore, there is no single, commonly accepted definition of CSR (e.g. David et al., 2012; Hussein, 2010; Turker, 2009a). It is generally seen as business decision-making linked to ethical values, compliance with legal requirements, and respect for people, communities, and environment. Schreck (2011) reiterates that if business case for CSR could be justified (i.e. existence of positive relationship between CSR and profit), certainly, the two-related conflicts may be finally resolved. On conceptual position of the arguments, many economists argue that CSR is an illegitimate expenditure and will cease to hold water and the two conflicting positions would eventually settle (Schreck, 2011). This may further provide an avenue for managers to justify CSR expenses to the stakeholders as compatible with the firm’s obligations, and therefore, legitimate and economically beneficial. Carroll and Shabana (2010) affirm that CSR is a way of identifying different categories of CSR and sort out companies’ activities in term of these different types, classes or kinds of CSR.

CSR has now become a global fashion, with firms of various sizes competing to be seen as being socially responsible (Musa, 2008). Thus, literature is robust about how firm in the West, Europe, and Asia have translated this core management philosophy into practice, with little effort on how firms in African continent have responded to the CSR construct. CSR is seen as corporate behaviours that aims to affect stakeholders positively and that go beyond its economic interest (Turker, 2009b), thus, CSR is closely interrelated with the concept of ‘stakeholder’ (Turker, 2009b p. 413). Expanding literature on this issue has provided a clearer understanding; however, it is still problematic to find a commonly acceptable CSR definition (e.g. Armstrong and Green, 2013; Kemper et al., 2013). CSR represents the nature and extent of corporate obligations that extend beyond the economic and legal responsibilities of the firm (Carroll and Shabana, 2010). The significance of CSR can then be understood, basically, in term of ethical and philanthropic obligation of

the corporation towards society. Undoubtedly, CSR is a way of giving definitions to a phenomenon (Dahlsrud, 2008). However, it fails to present guidance on how to manage the challenges within this phenomenon.

Grosser (2016) argues that CSR is a multi-stakeholder process of governance involving business, government and civil society, and NGOs. Moreover, research is currently witnessing the emergence of new multi-stakeholder governance processes and initiatives at the global level. The emergence of CSR was a result of concerns about businesses detrimental impacts on society (avoiding ‘negatives’). The theme of improving society (creating ‘positives’) (Carroll and Shabana, 2010 p.91), was the main intention of early theorists and practitioners. However, with passage of time and the growth of resources being dedicated to social responsibility (Carroll and Shabana, 2010), it was natural that questions would begin to be raised about whether CSR was paying its own way. As most of the scholars have indeed placed attention on Western centric nature of academic publication of CSR (e.g. Belal, 2001; Jamali and Mirshak, 2007), Most studies relating to CSR conducted so far have been from the context of developed countries (example of such countries include Western Europe, USA and Australia, etc.) with little in ex-colonial, smaller, and emerging countries. Therefore, the need for more research on CSR in the contexts of developing countries prompt the researcher to investigate the perceived role of CSR and stakeholder management on corporate social performance of MOC in Nigeria.

Tables 3.1 below represent CSR definitions from 1950s till recent year.

Table 3.1 CSR Definitions from 1950s Till Date

Year	Author	Definition
1953	Bowen	CSR refers to the obligations of businessmen to pursue those policies to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.
1960	Frederick	Social responsibility in the final analysis implies a public posture toward society’s economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms.
1962	Friedman	There is one and only one social responsibility of business-to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to says, engages in open and free competition without deception or fraud.
1966	Davis & Blomstrom	Social responsibility, therefore, refers to a person’s obligation to consider the effects of his decisions and actions on the whole social

		system.
1972	Votaw	CSR depends on the belief of the stakeholders towards understanding of the CSR concept.
1975	Sethi	Social responsibility implies bringing corporate behaviour up to a level where it is congruent with the prevailing social norms, values, and expectations of performance.
1979	Carroll	The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organisations at a given point in time.
1980	Jones	Corporate social responsibility is the notion that corporations have obligations to constituent groups in society other than stockholders and beyond that prescribed by law and union contract.
1991	Wood	The basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities.
2001	European Commission	held that being socially responsible means, not only fulfilling legal expectations, but also going beyond compliance and investing more into human capital, the environment and relations with stakeholders.
2003	Baker	CSR is about how companies manage the business processes to produce an overall positive impact on society.
2003	CSR Europe	CSR is the way in which a company manages and improves its social and environmental impact to generate value for both its shareholders and its stakeholders by innovating its strategy, organisation and operations.
2005	Valor	The corporate citizenship advocates have pointed out some flaws in the CSR concept. He claimed that CSR and the stakeholder's concept complement and reinforces each other.
2008	Matten and Moon	CSR is about understanding the meanings and practices of business responsibility in different countries.
2009b	Turker	The notion of CSR starts with the increasing concerns of people about environmental degradation and the responsibility of business to natural environment is not only to avoid environmental harm, but to also protect and improve the natural environment.
2010	Carroll & Shabana	The emergence of CSR was a result of concerns about businesses detrimental impacts on society and the theme of improving society was the main intention of early theorists and practitioners.
2011	Schreck	There is need to justify business case for CSR (i.e. existence of positive relationship between CSR and profit) so that the two-related conflict may be finally resolved.
2012	Ako	It is difficult to define CSR strictly as responses from the general public or even governments (as exemplified in the BP Gulf Mexico saga) that may interpret certain corporate actions or omissions to fall within the realm of CSR.
2013	Duke & Kankpang	CSR is a collection of activities which the firms undertake voluntarily or discretionally that are of benefit to the society.
2014	Chang et al.	Researchers, managers and investors patiently evaluate the changing ethical environment and prolong emphases on CSR, and growing literature that emerged over the last decades on the link between CSR, stakeholder management and corporate social performance.
2015	Chetty et al.	CSR activities go beyond firm's legal requirement and it is involve a sacrifice in short-term profit.
2016	Malik & Kanwal	CSR is a way of managing the business organizations, its social

		activities and performance so that it has positive impact on society.
2017	Erdiaw-Kwasie et al.	Management of business literature affirm the role played by stakeholders in CSR practices as crucial, but what constitutes a true business-society partnership remains relatively unexplored.
2018	Gatti et al.	CRS includes self-regulation, private regulation, and publicly imposed regulation.

Source: Adapted from Kakabadse et al. (2005)

Table 3.1 illustrates some CSR definitions over the past 50 years till date. In the research community, the relationship between business and society, and the corporate responsibilities, is still a subject of controversy. However, there is no consensus on a commonly accepted definition of CSR (e.g. Kakabadse et al. 2005; Malik & Kanwal, 2016; Turker, 2009b).

3.1.1 Significance of CSR definitions to this Research.

The benefits of CSR definitions highlighted above were responsible for what motivated (Bowen, 1953; Frederick, 1960; Friedman, 1962) to describe the role of firms in the society as social responsibility. Since CSR is a genuine obligation that firms owe the society. This study extends past research efforts and fills a gap in the extant literature of CSR by investigating the effect of CSR and CSP on social performance outcome with focus on employees of MOC and host communities as the two main stakeholders in Nigeria oil industry.

CSR definitions as described by the authors depend largely on how corporation perform its CSR role in society. Literature on CSR was so enormous to the extent that one cannot precisely neglect any of the definition so far. Justification for such definition is provided. Therefore, the present research adopts Baker (2003) CSR definition which states that CSR is about how companies manage the business processes to produce an overall positive impact on society. As a result, this definition will guide further discussion as this research progresses. Research today shows that there is need for the researcher to provide evidence of previous studies in order to make an important and robust contribution to knowledge, specifically, CSR dimensions and its measures.

Therefore, the operational definition of CSR as used in this study is voluntary social investment of corporations which was incurred by the companies on social issues, economic issues, environmental issues, communities/national and stakeholders' management issues to enhance the well-being of the host nations and the communities.

3.1.2 Origin of CSR

The notion of CSR has a long and varied history (Carroll, 1999). But, there is possibility to trace the evidences of business community's concern for society for centuries. Literature on CSR is a product of the 20th century over. Thus, there is feasibility to see the footprint of CSR throughout the world, particularly, in the developed countries. The genesis could be traced to USA where there were substantial and sizeable body of literature on CSR (see Carroll, 1999; Crane and Matten 2010). Most of the academia and business men noticed how CSR has transformed from an irrelevant and uncertain ideal to more relevant issue on research agenda (McWilliams et al., 2006). It has a long history associated to its impact on corporate behaviours (Rosamgria and Robert, 2011).

Rosamgria and Robert (2011) noted that in 1999, CSR had been coupled with the strategy literature and its relationship with market outcome had been more explicit and further influenced stakeholders' behaviour. However, related notions may have developed in theory and practice in other countries and at different periods, but the major challenge is to determine how far the literature on the discussion of CSR begins. On the other hand, CSR might have appeared earlier than this, most especially during the 1930s and 1940s. Indeed, 'reference from the period worth noting the likes of Chester Barnard's (1938) *The function of the Executive*, J.M. Clark's (1939) *Social Control of Business*, and Theodore Kreps' (1940) *Measurement of Social Performance in Business*' (Carroll, 1999, p.269).

The popularity of CSR in recent time starts with literature of 1950s and 1960s, and then move on toward the 1970s, and more recently, when the topic became widely discussed among academic and business practitioners. The early writing on CSR was referred to more often as social responsibility (SR) than CSR (Carroll, 1999). Similarly, because of the age of the modern corporation's prominence and dominance in the business sector was

not noticed. The publication by 'Howard R. Bowen (1953)' for his landmark book on social responsibilities of the businessman argues to mark the beginning of literature on the subject (Carroll, 1999 p. 269). Thus, as little as Bowen's book suggests that there were no business women during this period, or at least they were not acknowledged in formal writings.

Remarkably, there was scant evidence of CSR definitions in the literature in the 1950s and before the decade of the 1960s marked a significant growth in attempts to formalize the popularity of CSR (Carroll, 1999). The most prominent writer during the period to define CSR was Keith Davis, who later wrote extensively about the topic in his business and society textbook later, revisions and articles. Carroll (1999) claims that Davis view now commonly accepted in the late 1970s and 1980s, was well known for his views on the relation between social responsibility and business power. Davis set forth now famous with 'Iron Law of Responsibility', which held that 'social responsibilities of businessmen need to be commensurate with their social power' (Carroll, 1999 p.271). Davis contributions to early definitions of CSR were so significant that warranted his consideration as runner-up to Bowen for the father of CSR designation. Moreover, Carroll and Shabana (2010) stress that the root of CSR extended beyond World War II, but Dean Donald K. David's comments on the incoming MBA class at Harvard Business School in 1946 on the concept was specifically appropriate to recall. CSR conceptualisation has shifted away from an ethics orientation to a performance orientation and the level of analysis has moved away from a macro-social level to an organizational level (Rosamgria and Robert, 2011).

William C. Frederick was also an influential contributor to the early definition of social responsibility (Carroll, 1999). Carroll noted that William's social responsibilities mean that businessmen should oversee the operation of an economic system that fulfils the expectations of the public and economy's as a means of production should be employed in a way that production should enhance total socio-economic welfare. Thus, 1970s ushered in interesting book written by Morrell Heald book titled '*The Social Responsibilities of Business: Company and Community*' (Carroll, 1999 p.273). The understanding of social

responsibility term by Morrell Heald was in the same direction with the definition presented in the 1960s and earlier (Carroll, 1999).

However, Harold Johnson in his book title “*Business in Contemporary Society: Framework and Issues*”, presented a variety of definitions or views on CSR, and then proceeded to critique, and analyses of the concept. Johnson propounded the termed ‘conventional wisdom’ which he defined as: ‘a social responsible of firm is one whose managerial employee balances a multiplicity of interests’ (Carroll, 1999 p. 273). Carroll held that Johnson’s ‘lexicographic utility theory suggests that strongly profit-motivated firms may engage in socially responsible behaviour’ (p. 273), and landmark contribution to the concept of CSR came from the Committee for Economic Development (CED) publication on ‘*Social Responsibilities of Business Corporations*’ (p. 273). Carroll reiterated that the claims of CED on social contract between business and society were changing in substantial and important ways. Therefore, Taneja, et al. (2011) claims that the terminologies for explaining CSR has also changed since inception, and the meaning ascribed to CSR will continue to grow in time with business, political and social developments among corporations.

3.1.3 CSR as Paths to Social Licence to Operate (SLO)

Mere compliance with the state regulations by firms is insufficient to satisfy the society expectations (e.g. Prno, 2013; Bridge, 2004). Communities around the world have come to demand a greater share of benefits from oil exploration, more involvement in decision making, and assurances that mineral development will be conducted safety and responsibly. It is increasingly evident that obtaining a formal licence to operate from government and meeting regulatory requirements is not enough (Moffa and Zhang, 2014), oil production activities that may lead to this opposition are broad and numerous. These activities come inform of operational dust and noise, perceived future risks of groundwater quality and quantity, mine extensions that necessitate relocation of host communities, and increases in the cost of living because of influx of labour and housing speculation.

Social licence to operate (SLO) often abbreviated to “social licence” (Parsons, Lacey and Moffat, 2014), is the most recent term to emerge from the discourse of CSR. SLO is

common and frequently practice within the mineral industry. To the host community, legitimacy is the first requirement to obtain the basic level of SLO acceptance (Jijelava and Vanclay, 2017), SLO was developed as a response on the part of industry to rising criticism and opposition to mining activities (Jijelava and Vanclay, 2017; Owen and Kemp, 2013), and as a mechanism for the viability of the sector.

Social licence to operate has now received considerable attention among mining & oil companies, researchers, and practitioner working in the oil sector (Zhang, Moffa, Lacey, Gozalez, Uribe, Cui and Dai, 2015). SLO is a broad and on-going acceptance or approval of mining or oil operations by the host communities. This trend has been spurred by the growth of the sustainable development paradigm (i.e. with corresponding focus on the ‘social’ dimensions of development and the need for greater public participation in decision making) and broad governance shifts that have increasingly transferred governing authority towards non-state (Prno and Slocombe, 2014; Zhang et al., 2015). [Moffa and Zhang (2014) argue that CEO of Oil Company experienced frustration and challenges by the extractive industries in achieving this acceptance and gaining community approval because of huge financial commitment on community programmes.

The related concepts to social licence to operate include CSR, corporate citizenship, and stakeholder theory (Parsons et al., 2014). These concepts have drawn extensively on the notion of organisational legitimacy as explaining why organisations might choose to participate in this discourse. The mining industry has profound and varied social, economic, and environmental impacts on countries endowed with natural resources (Zhang et al., 2015). Countries regarded national mineral endowment as natural resources (Zhang et al., 2015), and these resources are managed and developed for the benefit of its citizen. Social licence to operate emerged from mining industry in late 1990s (Hall, Lacey, Carr-Cornish and Dowd, 2015).

SLO largely developed from CSR literature, and the key themes of corporate citizenship, social sustainability, reputation and legitimacy are central for developing an understanding of an industry position in its relationship with communities (Hall et al., 2015; Owen and Kemp, 2012). The community include those living or working near the

site of development impacts (Graafland, 2002; Hall et al., 2015). Therefore, concern of citizens strongly influences the way mining industry operates and how government regulate it (Zhang et al., 2015). Moreover, ‘industry is required not only to fulfil its formal regulatory conditions (i.e. its licence to mine), but also to consider and respond to the concerns of citizens’ (i.e. its social licence to operate) (Zhang et al., 2015).

Since introduction of SLO concept, there are more discussion on what constitutes SLO and how to measure it (Jijelava and Vanclay, 2017), and numerous studies have explored how businesses view their own SLO in different contexts (Bice, 2014; Dare et al., 2014; Jijelava and Vanclay, 2017). Fuentes and Kroger (2017) stress that focusing only on SLO may give the false impression that a given population would have unanimously accepted something, while neglecting the dynamic and contentious quality of firm-specific social acceptability in different contextual setting. The focus of social licence is disapproval (Owen and Fellow, 2016), since the consequences and tangible benefits of approval only make sense in its absence. It was cited that they are vast on the ground. Examples of community dissatisfaction with Barrick, and recent evidence that suggest that residents living within the mine area have backlog of unresolved grievances that are recorded within the company’s own management systems (Kemp and Owen, 2015; Owen and Fellow, 2016).

From ethical and socio-environmental perspective, the recognition of conflicting interests and the absence of SLO may be better options if an investment is causing damage in the host communities (Fuentes and Kroger, 2017). The primary focus of investors and regulators should be to ensure a sound investment policy that does not block local realities and incommensurable differences.

The position of this thesis is that social licence to operate is a philosophy rooted in ethics held by people across different cultures, countries and times which spanned several decades (Taneja, et al., 2011). The application of SLO differs across cultures, but the philosophy remains the same. However, corporation should endeavour to support the social needs of the host communities.

3.1.4 CSR in the Contemporary Business Environment

The role of business in the society has transformed beyond doubt in the last few decades (Gjoberg, 2009). Corporations have been given greater freedom and held responsible for range of issues previously considered to be the responsibility of the state. As such, Margolis and Walsh (2003) reiterate that public intellectuals, including leading business school academics, whose prior contributions impacted the fields of corporate strategy and organisational behaviour, thus, joined the call to encourage the firms in taking larger role in the society. In the recent year, Nigeria government demonstrates a commitment to indoctrinate a culture of honesty and transparency in the public and private sector through the Corrupt Practices and other Related Offences Act, 2000 and the incorporation of extractive industries transparency initiative (EITI) into law in 2007 (Hennchen, 2015). As a result, the initiatives shaped the quality of reforms and significantly increased the oil sector awareness and transparency.

Since every interaction between the firm and the environment has both implied or explicit cost (Duke and Kankpang, 2013), the acceptance of responsibility and consequences of business operation compel the firm to identify the financial and other implications that interplay between environmental activities and firm's performance. CSR initiatives effort of MOC operating in developing countries particularly in Niger-Delta region of Nigeria has become major source of concern among the scholars and practitioners (e.g. Ako, 2012; Eweje, 2006; Frynas, 2005). Crane and Matten (2010) argue that there is enormous controversy in the past about social responsibility of corporation, but, now, the notion is widely accepted that businesses indeed generally have responsibility that goes beyond profit making. Although, corporation is an artificial person, so they may have artificial responsibilities but "business" as whole cannot be said to have responsibilities even in the vague sense (Friedman, 1970 p.122). Clearly, corporation has an obligation that goes beyond societal problems, ecological issues and employment generation to the host communities, etc. (Idemudia, 2011). Instead of focusing on generic responsiveness, specific issues or the public responsibility principle, the approach known as "stakeholders' management" is oriented towards "stakeholders" or people who are affected by corporate policies and practices (Garriga and Mele', 2004 p. 59).

The idea of CSR has received more attention in mid-1990s when the public sectors involvement in major industries reduced drastically particularly with the collapsed of Soviet Union because of corporate scandals that hit the major newspapers headline (Hopkins, 2006). Consequently, the Ken Saro Wiwa affairs in Nigeria that seriously affected the Shell's international image was when an overwhelming awareness on the need for corporations to be socially responsible. Due to growing awareness about CSR, the business community has also formed their own organisations specialising on CSR known as 'Business for Social responsibility' (Carroll and Shabana, 2010 p. 85). CSR has now become major source of debate, commentary, theory building and research. Whether right or wrong, the business is expected to voluntarily promote efforts to mitigate climate change, protect human rights and safeguard the environment (Gjolberg, 2009).

CSR has captures the essence of relationship between the state, market and the civil society and signals a new role expected of corporation for future national and global governance. Meanwhile, the civil society organisations and progressive policy- maker found allies in the new generation of business leaders, who susceptible to changing value of the society and eager to define a positive contribution to society and corporations (Boele et al., 2001).The importance of CSR further buttresses by the pressure from various stakeholders' place on these firms to engage in CSR investments (Chetty et al., 2015; McWilliams and Siegel, 2000), and failure of corporate managers to share similar view towards CSR involvement. Most corporate managers now get involved in CSR activities (Long, 2015), because of the importance attached to broader responsibility. There is a growing body of literature showing a positive relationship between CSR and firm performance (e.g. Long, 2015; Luo et al., 2010).

The Nigeria business environment is relatively complex and dynamic when compared to the business operation in the Western world. Contemporary business organisations operating in Nigeria are witnessing greater influence and enormous pressure from various interest groups and increased government regulations put in place to bear on the board of directors to be socially responsible (Amao and Amaeshi, 2009; Joyce and Wood, 2000). Large numbers of MOC are domicile in Niger- Delta area of Nigeria, where the oil, mining and extraction are taking place (Ako, 2012). The region was characterised with

related violent conflict because of disputes between the government and the communities over the ownership of the oil resources, and allocation of benefits and negative consequences of oil exploitation. The host communities were always in disputes with the government for claiming exclusive ownership, because they are supposed to share out the oil resources from their land (Ako, 2012).

The oil operations in Niger Delta area of Nigeria are seriously threatening the livelihood of local communities because of environmental pollution, farm and fishing has become impossible or extremely difficult in oil-affected area, and even drinking water has become scarce (Douglas, 2004). Indeed, malnourishment and disease appear common, and the presence of MOC added to the adverse effects on the local economy and the society, including loss of property, inflation, prostitution, and irresponsible fathering by expatriate oil workers. Ite (2004) argue that CSR activities in Nigeria, is not an ‘enabling environment’ for CSR practice in Nigeria due to lack of, yet to be developed or at best ineffective (p. 9), Ite cited example of limited evidence of political support and public-sector endorsement of CSR in Nigeria. Firms collect information about the needs of the stakeholders to consolidate their reputation (Long, 2015), because positive reputation is seen as a key strategic asset that helps firm to build and sustains its competitors.

Business today operates in an environment of intense public, investor, regulatory and media scrutiny (Huang, 2010). The increasing public and stakeholder concern about the social and environmental impacts of business practices, forcing the companies to come to term with a broader set of interests and expectations. It is now imperative for corporation to embrace some of these challenges, in order to take advantage of proactive legal, social, environmental and reputation risk management, enhance effectiveness, improved relationships with stakeholders and ‘social license’ to operate within the communities (Huang, 2010 p.641). Relevant theories and literature were built around the CSR to ease the understanding and interpretation of the concept. The approach to CSR including corporate philanthropy and social investment and stakeholder management as well as tri-sector and bi-sector partnership schemes (Idemudia and Ite, 2006). Some companies have shown great concern for CSR practices by doubling or tripling their community development budget over the year.

The idea of “CSR is neither new nor radical” (Evuleocha, 2005, p. 333). Undoubtedly, the core belief is that corporation holds responsibilities to the society beyond profit maximisation. Thus, corporation has power to control and influence the quality of life of employees, customers, shareholders and residents of local communities where the business operates (Evuleocha, 2005). Moreover, “single corporate decision can irrevocably change the lives of thousands of people” (p. 333). The expansion and contraction of the state has significant implications on environmental policy, raising questions about the appropriate scope and the role of government in protecting the environment of business (Hepburn, 2010). Moreover, different stakeholders may have different preferences for specific socially responsible activities (Mackey et al., 2007; Grass, 1999); therefore, these preferences may vary over time. Mackey et al. (2007) stress that as long as they are voluntary and designed to improve social or environmental conditions, it may be considered as socially responsible behaviour.

Furthermore, various features mean that intervention for certain environmental problems will require a more cautious, long-term, nuanced and sophisticated approach than in some other policy area. Likewise, broader macro-economic issues and sustainability concerns with creation of environmental economic growth also need to be factored into environmental policy (Hepburn, 2010). Effective environmental policy requires the combination of a clear government vision about the top-level objectives and specific interventions that harness the role of price system, where prices are, or can be adjusted to be, reasonably close to social costs. But the effectiveness of CSR initiatives in the oil, gas and mining sectors has been increasingly questioned and there is a mounting evidence of a gap between the stated intentions of business leaders and their actual behaviour in real world (Frynas, 2005).

Nigeria has witnessed tremendous economic and social changes over the last decade (Uwuigbe and Egbide, 2012), as a result, corporations in Nigeria are making an interesting case to explore the meaning and practice of CSR (Amaeshi et al., 2006). But the history of Niger-Delta region is closely linked to natural resource extraction (David et al., 2012). Thus, the growing tension between the Niger-Delta communities and the MOC raises questions about the adequacy of the firm approach to CSR (see Bertels and Vredenburg,

2004; David et al., 2012). The economic position of Nigeria meant higher level of education amongst the people (Uwuigbe and Egbide, 2012), and increased in public concerned and awareness for CSR particularly its influence on environment.

Nigeria as a country is an assemblage of tribes, cultures, languages and religions, necessitated by the British colonial interests of British government to ease the governance of this amalgamated entity called Nigeria (Amaeshi et al., 2006), but the predominantly ethnic groups and languages are Hausa, Yoruba and Ibo. As such, Ite (2004) stresses that in comparing with other developing countries; the widespread acceptance of CSR is now becoming popular in Nigeria. The major initiators of CSR in Nigeria are MOC, and most of the large business organisations. MOC may be evoked to assume added responsibilities where other actors, in addition to the government's failure to carry out critical duties in Nigeria (Eweje, 2006). Therefore, the role of MOC for undertaking CSR initiatives might be spread in less developed countries (LDCs) and transitional economies where free market regulating mechanisms are not effective. CSR is driven by globalisation, deregulation and privatisation (Ite, 2004). The proponents of CSR are keen to demonstrate that business has responsibilities beyond the production of goods, service and profit making, and that socially responsible business can help to solve important social and environmental problems.

3.1.5 Corporate Social Responsibility as a Business Strategy

Strategy is regarded as a set of decisions that guide the organisation according to the environment that otherwise affect the firm internal structure, processes and performance (e.g. Balta et al., 2010; Rao and Tilt, 2016). "CSR concept is a source of corporate rejuvenation and growth, which enable the organisation to take new inputs, to learn and develop" (Ennals, 2011 p.145); indeed, this buttresses the fact that CSR is indispensable, and suitable in the hard times. Evuleocha (2005) stresses that CSR is either new or radical, and argued that corporations incur responsibilities to the society beyond profit maximisation. Also, appropriate government policies and good societal institutions can reduce or minimise the effects of resource curse, but the major challenge with the developing countries is how to improve on macro- economic and macro- political conditions. Similarly, the host communities accused oil companies on the state of

corporate social activities in their immediate environment, particularly the cash- starved countries (Imbun, 2006).

Some companies use rhetorical of CSR as a strategy to maximise profit (Baron, 2003). Also, other company use the strategy as defence mechanism to forestall the likelihood of attacking the image of the company through the actions of the stakeholder in the market and non- market environment, and customers' actions from patronising the company products. For instance, there are some cases where an employees or communities block the entrance to the company, and consumers and the environmental interest group may intervene in regulatory proceedings (Baron, 2003). Although, the major goal that human rights advocates adopt in the twenty-first century is to establish a normative for multinational corporations, and this prompted corporation to comply with CSR principles and practices (Byrne, 2014). Current research on CSR indicates the growing sense of discord around the business (Dobers and Springett, 2010; Mason and Simmons, 2014). These concerns are because CSR is at the risk of becoming over-simplified and peripheral part of corporate strategy (Mason and Simmons, 2014).

The main point of critic against CSR is the board of directors (Mason and Simmons, 2014), since this key group defines and implements corporate strategy, and safeguard the interest of key beneficiaries. Most of the extractive industries (such as oil, gas and mining etc.) created few jobs compared to their counterpart in manufacturing or service industries, and the industries are blamed for distortion of national economies and pay less attention to good governance (Frynas, 2010). Indeed, a lot of oil producing countries have suffered from a phenomenon call "resources curse" (Frynas, 2010 p. 164). MOC are faced with enormous challenges between the government and the host communities, particularly the landowners (Imbun, 2006).

CSR of the oil companies still ranges from provision of export earnings, employment generation and taxes at macro level, and payment of royalties, occupation fees, and other compensation fees to host communities (Imbun, 2006). In recent year, developing countries such as Nigeria and Venezuela, and developed countries like United Kingdom and Netherland suffer greatly from resource curse; the world 'Dutch disease' (relating to

the appreciation of a country's currency exchange rates), formerly known as economic problems caused by natural gas exports in Netherlands (Frynas, 2010 p. 164).

Meanwhile, oil companies rejected the notion that they should be involved in addressing the macro- level governance issues (Frynas, 2010). Governance in any society is at the instance of the government and companies have been reluctant to be draw into politics of governance. As such, Frynas (2010) cited an instance where a senior official of United State Agency for International Development (USAID) recounted a conversation on how American corporations have been persuaded into getting involved in various developmental initiatives in education and health, but “for instance, we could not get companies involved in party building activities in Zambia” (Frynas, 2010 p.165). Therefore, the notion of non- involvement in government affairs has not really changed, but MOC now realised that there is need to play some role, in order to strengthen governance.

The company's responsibilities go beyond making profit and creating employment (Mohanty, 2014). Business is responsible for the well-being of the broader group of stakeholders, such as employees, consumers, suppliers and the larger society (e.g. Carroll, 1979; Freeman, 1984). In addition, ‘spending is just one side of the coin’ but the most important in measuring the impact of spending in whatever form (i.e. huge or small) which further justify the legitimacy of CSR spending (Mohanty, 2014, p.13), and the significant attached to CSR of recent was as a result of increasing recognition that offers companies the potential to develop a competitive advantage (see Arjalies and Mundy, 2013; Porter and Kramer, 2011). CSR strategy is part of instrumental plan by corporations to gain legitimacy or manage reputation, offering limited capacity to contribute to society demand (see Arjalies and Mundy 2013; Milne et al., 2006).

3.1.6 Corporate Social Responsiveness and Stakeholder Awareness

Corporate social responsiveness pertains to development of organisational decision-making process whereby, consistent with the limitations of incomplete and imperfect information, corporate decision makers collectively anticipate, respond, and manage the total ramifications of organizational policies and practice’ (Edwin, 1987 p.104).

The emphasis here is that corporate social responsiveness drivers are factors that lead to increased prominence on CSR (VA' Land and Heide, 2005). The drivers include: increase awareness among the stakeholders, public media interest and more integration/higher interdependencies between companies. However, the degree of consistency among drivers is an important determinant for their effectiveness (VA' Land and Heide, 2005), numerous corporate scandal that occurred of recent has led to increased 'awareness among stakeholders' both within and outside the firm (VA' Land and Heide, 2005 p. 497).

In the same vein, companies are facing increased demands for transparency and growing expectations that they measure, report and continuously improve their social, environmental and ethical performance. Moon (2004 p. 2) argued that contemporary United Kingdom CSR draws business into participation in the formation and enactment, or 'steering', community action (with non-profit organisations) and of public policy (with governmental organisations). Parast and Adams (2012) stress that top management support for quality is the main driver for CSR practices. In addition, availability of quality information has positive information on CSR.

CSR is seen as philanthropic behaviour in addition to profit making activity within the limit of law (see Carroll, 1979; Freidman, 1070; Moon, 2004), but obeying the law is part of business social responsibility. Therefore, it becomes reasonable for corporations to perform not only involvements outside the firm operation (Moon, 2004), but also demand that corporations should embrace CSR principles to their operations (i.e. in employment, supply chain, and reporting, etc.). Social responsiveness is a range of continuum from no response (do nothing) to a proactive response (do much) (Carroll, 1979), on the assumption that business does have a social responsibility and that the prime focus is not on management acting a moral obligation, but on the degree and kind of managerial action which is in relation to social responsiveness by the corporation.

As a result, 'growing public media interest' tends to reinforce the stakeholder awareness on the need for CSR (VA' Land and Heide, 2005 p. 497). Leading newspapers and other

public media have disclosed and investigated CSR incidents, and brought the companies to the public scene, sometimes do forced CEO and the Board of Directors to resign in a disgraceful manner. The ability to detect such unethical practice enhanced by ‘whistle blowers’ inside the companies, staff with separate agendas, reduced employer loyalty and increased ethical consciousness among members (p. 497). In the same vein, “more integration and higher interdependencies between actors” means that firms are increasingly held accountable for the practices of their business partners (VA’ Land and Heide, 2005 p. 497).

In today’s business world, there are many social issues a company may choose to address and determine voluntary, particularly, the discretionary nature of CSR, which company pursue based on the specific issues of greater or lesser degrees (Chan Yu et al., 2012). Company may be socially responsible, even an advocate of social action, on one issue, while responsive or merely legally compliant in another. Hemingway and MacLagan (2004) claim that ‘CSR has a purpose and must be championed, whether for economic reputation management, or as a reflection of personal values by individuals’. Therefore, key individuals might be instrumental in formulating and implementing companies CSR policy. Corporations are responsible not only for the ethical conduct of their operations teams but also for their action on all the stakeholders (Halter and Arruda, 2009). Besides, responsibility can be understood as the organization’s value-creation across economic, social, and environmental dimensions. In the contemporary dispensation, especially in recent decades (Turker, 2009b), increasing concerns about global problems have made people more aware of their surroundings and the well-being of these stakeholders.

The increase in corporate social responsiveness has been a product of substantial growth in the number of external codes, standards, indicators and guidelines produced for business by governmental, non-governmental advocacy, and other forms of regulatory organisations (VA’ Land and Heide, 2005), these factors are known as ‘corporate social responsiveness enablers’ (CSR Enablers), generally designed to support, measure, assist in implementation, and enhance accountability for corporate social performance (VA’

Land and Heide, 2005 p.497). CSR enablers are divided into: Conventions and standards, Code of conduct and Law provisions, and court decisions. Corporate social responsiveness is a practical oriented approach which emphasises on the management of the company's relations with the society (see Carroll, 1979; Lotila, 2010). Also, responding to social issues is mostly depending on the organisational design and managerial competence (Lotila, 2010). However, Wood (1991) posits that there are three facets of responsiveness: environment (i.e. context), stakeholders (i.e. actors) and issues (i.e. interest). Thus, responsiveness is interrelated theoretically and logically, because the issues concern stakeholders and stakeholders also concern with the issues.

Moreover, CSR is commonly described as a strategic commercial interest of the organisation (e.g. image and reputation management, manipulation of stakeholder and integration of the organisation into its host community) (Hemingway and MacLagan, 2004), however, this might not always be the case where individual managers exercise influence, which make them to change specific projects, in order to address their personal value. CSR engagement is motivated by the interest of individual (Moon, 2001), irrespective of whether the activity is driven for commercial purposes alone, or partly driven by what appears superficially. As claimed by the theory of the firm that the major concern of the corporation is to maximize shareholder value (Friedman, 1970), based on this position, the popularity of the CSR is a response to the competitive environment and the demand from various stakeholders' groups (see Freeman, 1984 & 2001; McWilliams and Siegel, 2001). Therefore, responsiveness is about organizational social responsibilities toward a group of stakeholders by promptly acceded to stakeholder's demands (Halter and Arruda, 2009), and maintaining some degree of transparency and dialogue with the stakeholders.

The conventions and standards provide a variety of initiatives ranging from specific accountability and reporting standards (such as Accountability and The Global Reporting Initiative), that provide guideline and principles for an ethical and responsible corporate behaviour (such as United Nations Global Impact) (VA' Land and Heide, 2005). Code of conducts provide baseline upon which CSR issues may regulate various

professional conducts. In addition, potential conflicts of interest between the individual, the company and the suppliers/customers might be avoided through the professional ethical standards. The law and provision of court decisions in CSR regulates relevant laws, such as corruption legislation, rules against manipulation of competition and laws with the aim of improving the environment (VA' Land and Heide, 2005). Besides, pressured by non-governmental organisations (NGOs), activists, communities, governments, media and other institutional forces contributed greatly to stakeholder awareness (Garriga and Mele', 2004).

3.1.7 CSR and Community Engagement

Many of the corporations engaged in community by educating the public on the existence of the company's product functionality; however, companies arranged different events in the community, in order to entertain the public about their products; by sponsoring public activities in the community (e.g. donations, health awareness programs, and preventive measure for diseases control) (Malik and Kanwal, 2016). The CSR phenomenon which is gradually gaining prominence globally may serve as an avenue for improving the lot of the masses, especially the host communities where the corporation operates (Ojo, 2009). Corporations in Nigeria embrace CSR activities in their annual reports and accounts, and CSR philosophy of most companies still based on the philanthropic model, rather than business strategy. The understanding of the relationship of the firms with the host community is mostly a familiar strategy within the firms and non-profit organizations (Bowen et al., 2010; Crane, 2000; Idemudia and Ite, 2006; Westley and Vredenburg, 1997). Corporation can gain legitimacy, manage social risk, and even co-develop innovative solutions to social problems with community members through a well-designed community engagement strategy (e.g. Bowen et al., 2010; Lowndes et al., 2001).

Moreover, it is unclear when different community engagement strategies are appropriate or how such strategies might provide net benefits (Bowen et al., 2010). But, community engagement strategy is the subset of a firm's CSR activities that are directed towards individual citizens and community groups. Community engagement strategy addresses

communities that are drawn together by shared social well-being and not necessarily other stakeholders such as ‘the financial community’ or ‘the institutional investment community’ (p. 298). Schreck (2011) observes that inability to provide substantial evidence to justify the link between societal engagement and private business interests with empirical support will continue be open to criticisms that are no more than wishful thinking on the part of its advocate, rather than absolute fact for guiding management decisions.

Furthermore, Bowen et al. (2010) argues that the understanding of successful community engagement strategy is limited by at least three problems with the current literature. In the first instance, since the research on community engagement has been driven mainly by understanding of the phenomenon rather than by deductive extensions of disciplinary theories, but drawn on a wide range of perspectives, experiences and literatures. In the second instance, the author claims that there is disconnect between the rhetoric and reality of community engagement strategy that is wrongly identified by both researchers and managers. Bowen et al.’s stress that the third problem observed was that any study, no matter how well conceived, can only yield insights on limited range of community engagement actions and consequences.

Somaya (1996) asserts that the motivations for companies’ involvement in the communities could be divided into two: philanthropy and business strategy. Thus, the philanthropic motivations by the company is seen mainly as a desire of the owners, managers, or employees to ‘do good’ in their community; to share the wealth accumulated by the company without corresponding financial reward (p. 32). Meanwhile, strategic business motivations are based on the desire to reach some business objective, such as increase in market share, market penetration, or brand awareness. Example of strategic activity include: company sponsoring of little league team in the community to raise the company profile, buying jerseys with the company’s name printed on them, etc. Community engagement refers to ‘business involvement in social initiatives by way of contributing financial, in-kind and human resources to meet the social and economic needs of the communities where the company operates’

(Muthuri et al., 2009 p.431). This practice is in accordance with the national social, political, legal and economic environment.

The concept of community engagement leads to strident calls by individuals and organisations concerned with international development for contributions by business organisations towards the realisation of 'Millennium Development Goals' (MDGs) (Aaron, 2012 p. 259). Community engagement is regarded as a corporate strategy that attempts to manage a corporation's goodwill towards its community stakeholders, who live within the community where the business operates. However, this effort enables the corporation to have access to information, social influence and promote community solidarity (Liu et al., 2013). Firms have economic responsibilities toward shareholders (Taneja et al., 2011); managers have responsibilities to society because the firm is permitted by the law primarily because of its service to the community rather than source of profit to the owners.

This current thought has profound influence on the behaviour of organisations and commitment to have socially responsible conducts which are well advertised in the mission statement of most corporations and elaborate efforts included in annual CSR reporting indicating how well the companies are doing (Aaron, 2012). The 'communities are characterised by identity which represents a group who share a sense of belonging, generally built upon a shared set of beliefs, values or experiences; and not necessarily live within the same physical locality' (Bowen et al., 2010 p.302). Because of these differences in conceptions of community, it might be difficult for corporations to determine a community to engage with. Community participation is an opportunity to invest in fostering, trusting and understanding community relationships ((Muthuri et al., 2009), and demonstrates the usefulness of community participation as a tool for evaluating community needs, finding solutions and opportunities to address community development.

Furthermore, community engagement is regarded as an extension of CSR and remains the major part of companies' CSR agenda, particularly in developing countries (Chapple

and Moon, 2005; Idemudia and Ite, 2006; Muthuri et al., 2009; Muthuri et al., 2012). Thus, the corporate sector is uniquely positioned to assist in financial, physical, and human capital needs of the communities through its business strategy (Somaya, 1996). Evidence from Niger-Delta area of Nigeria is an indication that transformation by the MOC not only by dumping of widely criticized old models of corporate-community engagements in favour of new models such as Global Memorandum of Understanding (GMoU), and dramatic change in CSR spending (Aaron, 2012). In a nutshell, the corporations have changed from mere philanthropic gesture which involved little expenditure on the community assistance to a more mainstream sustainable development in their CSR practices. Essentially, strategic direction of community activities enables the corporation to build close community relationships and enhance its business influence in the local community (Liu et al., 2013), by solving social problems and creating opportunities for social development within the community and brings corporations into governance relationships with communities (Muthuri et al., 2009). In all, the specific strengths, weaknesses, opportunities and threats facing the community must clearly list at different level, and the actions should be based on priority needs with specific timeline for execution, and creation of corporate-community interactive process.

3.1.8 CSR as a Sustainable Development

Globalisation has given rise to ‘understandable concerns about power, responsibility, the role of governments and the role of companies’ (Payne, 2006 p. 286), multinational corporations must exhibit responsible behaviour and be more accountable to stakeholders. The context had a direct influence on how companies define their objectives (Iuga and Albu, 2016), and conduct business. Apart from the classical profit-oriented objectives, corporations are obliged to adopt a series of smart goals which are meant to answer environment protection and social- related issues (e.g. Doz, and Kosonen 2010; Iuga and Albu, 2016). Moreover, attention for the social and environmental impacts is not new (Kolk and Tulder, 2010). The past years have seen renewed interest due to pressing global problems (i.e. climate change, poverty, human rights violations and HIV/AIDS. Corporations are encouraged to play a positive role and contribute to a more sustainable development.

The corporate-oriented economic-financial initiative which is traditionally part of the firm policies promoted by different governments is now clearly defined socio-economic objectives (Lirio and Torres, 2009). Previous literature, especially those of the past few years have described some increasing demands ascribed to the firms that go beyond socio-economic benefits in their activities. Although, the interest in CSR is growing (Juscus, 2007), CSR researches are still in the embryonic stage. In fact, the margins of exploratory object, the empirical research methods and quantitative evaluation indicators are unsettled. CEO has come to realised that business rules of behaviour, standards and regulation margins, groups' requirements from various regions, states, and business branches are different. Payne (2006) emphasises that there is need for clearer understanding of the role and responsibilities of global companies, especially when it comes to developing countries.

Sustainability of the business has rapidly become increasingly relevant for firms (Iuga and Albu, 2016), and their stakeholders. Sustainable development (SD) encourages more social and environmental responsibility from the corporate sector, particularly when the consumer confidence and level of trust about business has been affected. Lack of international regulation on social and environmental issues is considered as both a problem and an opportunity for multinational companies (Kolk and Tulder, 2010). In addition, concerns for SD is because of its implication on economic growth that is forceful and at the same time socially and environmentally sustainable. In Europe, the underlying primary objectives reflected in the respective constituent treaties after the creation of the EEC and EU had already incorporated the economic, social and environmental aspects and consequently referred to the triple bottom line development (Lirio and Torres, 2010).

Lirio and Torres (2010) posit that SD definition was proposed by Brundtland Report (World Commission on Environment and Development, 1987), 'as the development that satisfies the present necessities without jeopardising the future generations' capacity to satisfy their own necessities and entails the achievement of economic development and

bringing about further social progress' (Lirio and Torres, 2010 p. 490). The partnership within the overall context of commitment of business is to embed the principles of CSR practices across all companies, while doing business (Payne, 2006), contribute to the SD of host country. SD and CSR are slowly taken up as relevant concepts in the mainstream management journal (Kolk and Tulder, 2010), and international business publications. CSR is considered to be the business contribution to SD (Bansal, 2005; European Commission, 2002; Lirio and Torres, 2010), since CSR is the combination of corporate and enterprise activities that belong to the ambit of voluntary activities in the area of business ethics.

The position of this research is that SD and CSR are historically connected and can be used interchangeably by carefully considering the context. SD as propounded by international agencies is regarded as macro or global visioning, while the sustainability is micro perspective and focuses on business sustainability. Hence, SD is applicable to a nation, while for corporations the term CSR applies. One important issue discovered in this study is that each MOC in the oil region have their respective rule generation. The rules generation can sometime be political than scientific. The flexibility of the rules in the country allows for different premiums to be yielded by the decision makers, not only with a technical approach but also political thoughts (e.g. Lirio and Torres, 2009). Who decide the rules that make sustainable development? In this research, the two main stakeholders (employees and host communities) are interested in determining the contribution of the MOC to sustainable development of the host communities based on its conception of sustainable development to decide the rules.

This section also offers some concluding thoughts as to research on CSR and sustainable development that relates to social performance of MOC in Nigeria oil region. Considering, limited number of studies on sustainable development. Due to the problems of linking CSR/sustainable development, to the two main stakeholders (employees and host communities) in Nigeria oil region. This study relates four dimensions of CSR and three dimensions of CSP that have come to the fore of CSR literature, and remain very relevant for future research on CSR and sustainable

development. Future research on CSR and sustainable development would profit from a more explicit attention to these dimensions. MOC operating in Nigeria oil region need to understand the situations and conditions under which oil companies cannot only gain a sustainable competitive advantage, but also play a role in furthering sustainable development between the employees of the MOC and the host communities as deem fit.

To ensure sustainable development, MOC need to help their employees and the host communities to meet their development needs. There is need by the MOC to protect biodiversity and try to eliminate pollution which might be hazardous to the immediate environment. There is need for the oil companies to bring their expertise and skills to bear on issues and generate practical and measurable solutions between their employees and the immediate environment.

3.2 Challenges of CSR initiatives to Oil Companies in Nigeria.

There is understanding that CSR practices are prominent among the oil and gas sector in Nigeria, mostly the MOC (Idemudia and Ite, 2006). CSR as tools used by oil companies in Nigeria include: corporate codes of conduct, voluntary social reporting, and community development projects (Amao, 2008). Also, CSR initiatives of oil companies covered human rights, labour issues, transparency, bribery and corruption, employees' welfare, environmental issues, disclosure of information and consumer protection (Amaeshi and Amao, 2009). Consequently, in a landmark ruling on January 30th in 2013 where Shell was held liable in The Hague for oil pollution in Niger-Delta (Hennchen, 2015), when the company was found guilty of neglecting its duty of care because of its failure to take reasonable steps to stop sabotage of crude oil. Remarkably, the case received considerable international attention because it generates a lot of controversy (Hennchen, 2015), over the scope of responsibilities expected of MOC operating in a controversial human rights context and a public responsibility void for both their negative and positive impact.

In addition, oil companies attached greater importance to their social and environmental impact as they engage more with the local communities than before (Frynas, 2005). The

shift is the demonstration of remarkable codes of conduct and social reporting. MOC are today considered the ‘bad guy’ causing social and environmental harm (Hennchen, 2015 p. 2), at the same time considered as the solution to global regulation and public good problems at both global and local level where public institutions are neither able nor willing to administer citizenship rights or contribute to the public good. Accordingly, Ojo (2009) argues that CSR activities of the corporations can be made to complement the effort of the government at all levels. However, such CSR initiatives may be a vehicle or catalyst for socio-economic development in Nigeria.

The ‘polemics that business do not operate in a vacuum: Business operate within a social context to which they can ill-afford to be insensitive’ (Aaron, 2012 p.262). In the oil producing region, the combination of failure of the state in providing social amenities, and the security challenge thrown up by the activities of armed youth groups fighting for greater share from the oil wealth have compelled MOC to adopt CSR initiatives as a business tools as well as development strategy. In fact, there is an increasing demand placed on oil companies by the host communities (Amao, 2008), this demand comes in form of community development programs and assistance to the communities where oil companies operate (Eweje, 2006).

Enuoh and Inyang (2014) claim that lack of effective planning and implementation of CSR initiatives strategy by MOC also account for the problem in Nigeria oil region, and failure to see the host communities as vehicle for peaceful working environment. Nigeria National Petroleum Corporation (NNPC) has heavily politicized and weakens institution characterized by excessive red tape and unnecessary bureaucratic delays in the conduct of its affairs (Ite, 2004). NNPC has not in any way provided an enabling environment for CSR in the country; particularly, from economic point of view, Nigeria is rentier state whose economy is affected by the resource curse phenomenon (see Ite, 2004; Klieman, 2012). Many of the government initiatives for development in the Niger-Delta region have been beset by several problems including those of legitimacy and transparency (Ite, 2004). High-level corruption is prevalent, with very little to justify the huge resource allocations received in terms of actual delivery. Hennchen’s

argues that Nigeria had come to exemplify the ‘resource curse’ noting that despite the five decades of oil extraction, the country still experiencing failed development, poverty, corruption, environmental degradation, ethnic and gang violence, kidnappings etc. (2015, p. 6).

It is undisputable that no benchmark was set for oil companies operating in the oil region (Hennchen, 2015), but increasing global media and civil society pressure provided immediate attention. As a result, MOC alleged “double standards, corporate scandals, and declines in economic and social development initiatives from host governments” (Eweje, 2006 p.95), this led to worldwide debate about the social responsibilities of corporations. Ako (2012) posits that there is a change in the manner that MOC claim to deliver on their corporate social expectations as these companies claim to consult with the host communities on issues concerning CSR initiatives. This may be the result of persistent pressures from international NGO alliances and community-based organizations (CBOs) with severer controls placed on MOC by the national governments, and enactment of international corporate accountability convention to prevent corporate misconduct across globe (Lund- Thompson, 2005).

In fact, the World Bank ranking of Nigeria only 147th (out of 189 economies) among the best place for doing business in 2014 (Hennchen, 2015), and over blow the 2013 Nigeria ranking on 16th (out of 189 countries) in the failed state index further compound the problem. The concept of CSR is no longer seen as threat as earlier perceived, but business leaders now realised the desire to maintain good relations with stakeholders (Boele et al., 2001), and there is both ‘risk management’ opportunity driven’ dimension to corporate interests in maintaining or improving relationship with the stakeholder both of which serve as an instrumental for creating economic value (p. 124).

The nature of the Niger-Delta serves as an evidence to suggest that there are limits to what CSR can achieve (Idemudia, 2010). As a result, the centrality of oil to conflict dynamics in the region further buttress the significant latitude of opportunity for MOC leverage buy-in to prevent, manage and resolve conflict around its operation. CSR may

have the potential to contribute to conflict reduction in the region, several factors constraint its effectiveness (Idemudia, 2010). Frynas (2010) argues that most oil company executives sometimes reject the notion that they could play a constructive role in helping to address governance failures and they have a legitimate concern over corporate involvement in the political process. MOC do intervene in the political process to attain corporate objectives (e.g. lobbying for new legislation) (see Frynas, 2010; Frynas et al., 2006; Shaffer and Hillman, 2000). In addition, Hennchen (2015 p.7) allege that 'Robin Hood scenario' emerged as a way of taking back profit from foreign oil companies and unimpressive government. Moreover, oil theft was used by local militant groups as a mechanism to redistribute wealth into the hand of the poor in Niger-Delta. Unfortunately, oil theft or 'oil bunkering' proliferated in scale and violence, and the sophistication nature of the theft has led to conclusion by analysts that senior members of the armed forces and high-ranking politicians were complicit (p. 7).

In the same vein, Ako (2012) posits that the amnesty initiative was developed due to failed attempts to restore peace in the oil region through development initiatives and the security option. The amnesty initiative, the federal government of Nigeria offered a presidential pardon for all the militants who accepted the deal in exchange for disarmament, demobilisation and reintegration of such ex-militants. The benefits of such gesture include the payment of monthly stipend and vocational and /or educational training to the ex-militants amongst other incentives meant to assist the region. Hennchen (2015) observes that oil wealth has its own dark side, and Nigeria government dependence on oil broke the link between authority and territoriality. As such, leading to 'neo-patrimonial governance and corruption' as Nigeria became synonym of a 'rentier state' in which state revenues accrued from taxes or 'rent' on production rather than from productive activity (Hennchen, 2015 p. 6).

The major concern of all the stakeholder in the region is how to use the current window of calm to design a more enduring peace (Ako, 2012), the significance of the amnesty initiative and new vista of development opportunities it has created for all the stakeholders in Nigeria's oil industry are undeniable and perhaps the only uncertainty in

issue is the extent that violent conflicts may engulf the region if the oil companies failed to take advantage of the opportunity by effectively implementing CSR in the host communities.

In Nigeria oil rich region where MOC operates, for instance, the local communities are faced with decades of government apathy to the inhabitants apparently to foster oil exploitation and poor human development indices create peculiar circumstances that are incomparable to countries like USA or United Kingdom (Ako, 2012), in appreciation of these, 'abnormal' circumstances should drive CSR in the oil region to have any positive impact on the targets, rather than the strict reliance on a 'foreign' conception (p. 13). Nigeria government failed to establish a robust tax system and did not develop a system of formal accountability to secure domestic legitimacy (Hennchen, 2015), The government focused its efforts on controlling some of these resources rent by resorting to state-imposed violence through an undisciplined military, police, and security forces and securing elite compliance with instrumental benefits including public goods and services, employment opportunities, and lucrative government contracts etc.

Amao (2008) stress that a closer look at the domestic forum revealed the gaps within domestic law, complimented by the absence of enforceable international framework for controlling oil companies, and further amplified the importance of CSR. This buttresses the fact that the strategic use of CSR confirms the position of other MOC operating in Nigeria. Government plays a major role in the development and maturation of any country (Idemudia and Ite, 2006), and such role may be formed to shape the institutional environment that fosters economic growth, pursuit of active distributional and social policy or provision of motivation for ecological appropriate behaviour. CSR of MOC is constrained by the logic of capitalist production and profitability (Idemudia, 2010), given the cost that is associated with CSR practices, MOC continually choose profitability over making meaningful contributions to the conflict prevention that might involve additional cost that is not compensated for in profit.

Despite the obvious gaps within the domestic context, there are opportunities to control MOC CSR initiatives that may support and complement the regional and international

arrangements (Amao, 2008). On the other hand, the opportunities may be a way by which the law can robustly work with CSR to make the concept more meaningful. There is increased pressure for corporations to engage in CSR driven by compliance to regulatory authorities (Enuoh and Inyang, 2014), and series of agitations which sometimes resulting into violent acts to protest the suppression and denial of host communities right.

In addition, MOC puts in place some measures to reduce the persistent conflict in the host communities by ploughing back some of their huge profits into the communities (Enuoh and Inyang, 2014). Sequence to 2011, when Nigeria was rated as the second largest oil reserve in Africa and was the continent's primary oil producer (Hennchen, 2015), and the discovery of high-quality oil in the Niger-Delta and prospect of ever-increasing oil prices, but there is nothing to show for it. However, it is the common features of the Nigerian government and its political elites to blame MOC for the problem and incidence of poverty in the oil region (Ite, 2004), the culture of blaming the oil companies has manifested into community protests, sometimes with government support. Undoubtedly, indicting political statements and speeches by some state governors and members of Nigeria National Assembly (Ite, 2004), corroborates the 'blame culture' predicted on the increasing national and international perceptions that oil companies in Nigeria are massively exploiting the host communities (p. 9). Thus, Eweje (2006) then concludes that MOC are expected to provide some social services and welfare programmes in addition to their normal economic activities.

3.3 The Two-dimensional Model of CSR

The two-dimensional model of CSR proposed by (Quazi and O'Brien, 2000) indicates that the model has two axes. Thus, the horizontal axis having two extremes: a narrow and wide responsibility. The right-hand extreme (the positive side) represents the narrow view of social responsibility. Also, the view posits that the business responsibility is classical sense (Quazi and O'Brien, 2000), that is, the corporations exist to provide goods and services at profit (see Bhide and Stevenson, 1990; Friedman, 1970). On the other hand, the wide responsibility (the negative side) perceives CSR in a broader context (Quazi and O'Brien), reaching beyond regulation to serve the wider expectations

of society in areas such as environmental protection, community development, resource conservation and philanthropic giving. Meanwhile, vertical axis of the model represents two extremes in the perception of the consequences of social action of businesses which range from concern with the cost of social commitment to focus on the benefits of social involvement (Quazi and O'Brien, 2000).

The negative end of axis is concerned with the cost of social action based on the expenditure involve in performance of social responsibility in short run is the main consideration (Quazi and O'Brien, 2000), while the positive end is more concerned with the long-term benefit from social action, with the belief of potential benefits. The classical view of social responsibility argues that there is no provision to look beyond a narrow view of profit maximization based on the assertion that social problems generate a net cost to the company without commensurate benefit to the corporation (Quazi and O'Brien, 2000).

- i. Quazi and O'Brien (2000) assert that socio-economic school represents a narrow view of social responsibility but accept the fact that some degree of social responsibility will lead to net benefit to the corporation in terms of (e.g. avoiding costly and embarrassing regulation, building good customer relationships, good suppliers relationships or politics of networking). Hence, social responsibility can be justified in this context, even, if manager holds narrow view. Moreover, the socio-economic position suggests that business can simultaneously perform the dual function of profit maximization while serving social demand (see Carroll, 2000; Freedman, 1984; Garriga and Mele, 2004).
- ii. Modern view captures perspective in which business maintains its relationship with the broader society (Quazi and O'Brien, 2000), where net benefit flowing from socially responsible action in both long and short run (e.g. Carroll, 2000, Freeman, 1984).
- iii. On the other hand, philanthropic view represents a broader view of social responsibility in which business agrees to partake in charitable activities (see Carroll, 1979; Chen et al., 2008). However, this impetus may come from

altruistic or ethical feelings to do some good for society (Quazi and O'Brien, 2000), it is associated with the philanthropic view. Therefore, business people do tell themselves that 'in the long run, they will do well by doing good' (Bhide and Stevenson, 1990, p. 121-122).

The motivation for engaging in CSR often differs among MOC but the most common among them are market forces, globalisation, consumer and civil-society pressure, etc. (Amaeshi et al., 2006). Moreover, the activities of these firms are visible because of global reach, and there is always higher incentive to protect companies brand and investment through CSR. Although, most of these compelling pressures to be engaged in CSR may not necessarily be applicable to most Nigerian firms. As a result, the attitude of business leader towards CSR may be perceived from corporate views of social responsibility that falls within a framework of two-dimensional entities (Quazi and O'Brien, 2000). Therefore, 'these two dimensions are the span of corporate responsibility (narrow to wider perspectives) and the range of outcomes of social commitment of businesses (cost to benefit driven perspective)' (p. 35).

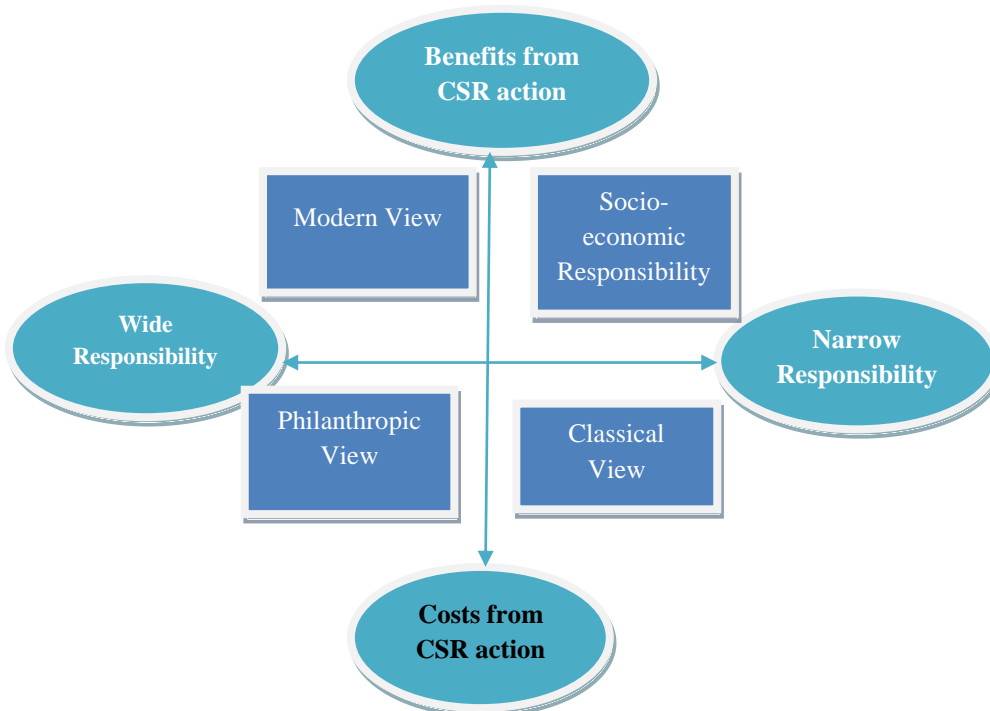


Figure 3.1: A Two-Dimensional Model of CSR (Quazi and O'Brien, 2000 p. 36)

In sum, Quazi and O'Brien (2000) two-dimensional model of CSR propounded has been in existence for over 17 years. However, the present research intends to provide alternative to this model by conceptualising and theorizing new conceptual model that will be widely acceptable among the researchers in the field of CSR.

3.4 Who are Stakeholders in a Corporation?

The concept of 'stakeholder' was first noted in the 1960s (Crane and Matten, 2010 p.61). The theoretical approach to stakeholder was early developed by (Freeman, 1984). Compared to CSR approach which strongly focuses on corporation and its responsibilities, the stakeholder approach starts by looking at various groups to which the corporations have responsibility (Crane and Matten, 2010). Over the last 30 years' corporate executives have struggled with the issue of firm's responsibility to society (Carroll, 1991; Jamali, 2008). Besides, early researcher argued that corporation's sole responsibility was to provide a maximum financial return to shareholders (Friedman, 1970).

Moreover, it became obvious that pursuance of financial gain has to take place within the laws of the land. Thus, this is an important issue as CSR and stakeholder theorists sometimes do not agree as to both the nature and limits of business responsibilities owned to society (Brown and Forster, 2013). Carroll (1991) argues that some of the new governmental bodies established now officially recognised the environment, employees and consumers to be significant and legitimate stakeholders of business. Afterward, corporate executives must wrestle with how they balance their commitments to the corporation's owners with their obligations to an ever-broadening group of stakeholders who claim both legal and ethical rights. The managerial challenge now, is decision on how to manage stakeholder relationships for the maximum benefit of the firm as well as society (Brown and Forster, 2013; Garriga and Mele, 2004). Mohanty (2014) found that the new perspective of stakeholder stresses the significance of inter-stakeholder relationships, which involve a complex web of relationships rather than just a series of dyadic connections between stakeholders and the corporation. The questions still are:

who the relevant stakeholders are? And what influence they have on CSR spending avenues and investment decisions?

The stakeholder management urges companies to consider the impact of their actions and decision making on various stakeholders (Fassin, 2012; Freeman, 2001). Accordingly, stakeholder management with underlying business ethics components focuses on the treatment by the firm of its various groups of stakeholders. The basic premise is simple and readily understood. There are numerous different definitions as to whom or what constitute stakeholder (Crane and Matten, 2010). Strategic stakeholder has indirectly used as indirect defender of corporate social responsibility and corporate governance (Fassin, 2012). The stakeholder approach is based on the premise that the firm needs to have consideration, respect and fair treatment for all stakeholders (Carroll, 2004) and that a firm has obligation and duties, and responsibilities to its stakeholders, little has been said about reciprocity in these relationships. Crane and Matten (2010) found that this range of definitions make it difficult to get a generally agreed upon idea of what constitute a stakeholder. However, different definitions of stakeholder are shown in Table 3.2.

Table3.2: Different Definitions of Stakeholder

Author	Definition
Stanford Memo 1963 (cited in freeman, 1984)	‘Those groups without whose support the organisation would cease to exist’
Freeman, 1984	‘Can affect or affected by the achievement of the organisation’s objectives’
Evan and Freeman, 1993	‘Benefit from or are harmed by, and whose rights are violated or respected by, corporate actions’.
Hill and Jones, 1992	‘Constituents who have a legitimate claim on the firm established through the existence of an exchange relationship’ who supply ‘the firm with critical resources (contributions) and in exchange each expects its interests to be satisfied’
Clarkson, 1995	‘Have, or claim, ownership, right, or interest in a corporation and its activities’.

Source: Crane and Matten (2010) *Business Ethics* 3rd edn. New York: Oxford University, p. 61

3.4.1 Stakeholder Relationship and CSR Initiatives

The idea that company’s investment in CSR initiative can provide returns to the company, which commonly referred to as the business case for CSR, have received a lot of commendation from scholarly literature by large and growing body of evidence

showing numerous individuals across stakeholder realms (Bhattacharya et al., 2009). CSR is commonly agreed to be business concept that should be integrated into mainstream business strategy and operates worldwide, not only within the companies' county of origin (Tsoi, 2010). CSR initiative can prove quite challenging in practice (Bhattacharya et al., 2009). The days of considering the enterprise to be a black box, with the strategy confined solely with suppliers, customers and competitors are long gone (Vial, 2011). With scrutiny of business operations by society, government and international organisation, the corporation have come to realise that their operations take place within social and natural environment.

Consequently, it has been a rude awakening for companies that do not embrace more strategic approach to social responsibility (Bhattacharya, 2009), for years, Wal-Mart has been a top corporate donor, but the company's image was affected by labour unions and lawsuits. The new approach to strategy appreciates the significance of stakeholders; i.e. "individual and organisation that have stake, whether direct or indirect, real or potential, in the activities of the corporation (Tsoi, 2010 p. 37). This has led to a number of corporations attempting to list, qualify and map their stakeholders. Therefore, the notion of CSR is based on an organisational effort to take responsibility for a perceived need or correction in a stakeholder relationship (Kleinrichert, 2008), accomplished by decision-making on corporate level.

Despite the clear potential of CSR to drive company-favouring outcomes on the part of stakeholders, the return on CSR investment is anything, but guaranteed (Bhattacharya, 2009). Also, looking at the various definitions of CSR from the perspective of organisations, companies and academics, one may conclude that it covers a multi-dimensional perspective, incorporates the environment, society and the business community (Tsoi, 2010). The "responsibility extends from purely financial to environmental, social and community issues" (p. 392). Vial (2011) argues that despite theoretical debate that takes place in the academic field, there are increasing number of annual reports showing that companies are generally adopting the stakeholders' vision in their sustainable development, CSR management and communication.

Corporation relies on traditional strategic tools as well as on ad-hoc approaches to stakeholders, while still searching for more systematic tools. Many multinational companies see stakeholder consultation and management as an important communication tool in identifying and interpreting stakeholder needs (Tsoi, 2010). Moreover, these tools enable the development of common language for CSR, giving it greater credibility and ensuring that corporate responsibility can be objectively translated and verified. CSR may provide benefits that differ substantially from individual to individual even within a single stakeholder group (Bhattacharya, 2009). Therefore, contribution of stakeholder-company relationships hinges on the benefits it provides to the stakeholder, and for the initiatives to provide returns to the company. Initiatives must first provide a return to individual stakeholders (Bhattacharya, 2009).

The construct of organisational trustworthiness developed herewith is presented as a possible solution to the problem of unfairness in organisation-stakeholder relations (Greenwood and Van Buren, 2010). Stake may be considered a resource or potential contribution that an individual or group may offer or seek from a relationship (Smith, 2012). According to Greenwood and Van Buren (2010) organisation and stakeholder relationship, and the trustworthiness of the organization to that relationship is fundamental to the moral treatment of stakeholders. Similarly, relationships are formed around an interest that a stakeholder- organisation is necessarily a proactive affair (Smith, 2012). An overlapping area of interest may connect organisation and stakeholder without explicit recognition by one or both parties, also relationship may be unintentional as much as they are intentional.

It is also essential to note that the trusting party (or principal) is left vulnerable to the uncertain actions of the trusted party (or agent) and is thus dependent upon that party (Greenwood and Van Buren, 2010). Trust generally involves some level of vulnerability on the actions of another. There is need for innovative models of corporate governance to address the legitimacy and reputation crisis currently affecting the firms, and further informs the need for broader definition of business success (Perrini et al., 2011). In the business community today, different approaches are emerging: courtesy of innovative CSR practices by great number of firms working with stakeholders to support the broad

and shared value creation that could benefit different constituencies including not only shareholders, but also employees, customers, suppliers and the host communities (Perrini et al., 2011).

3.4.2 Stakeholder Identification and Attributes

Stakeholder approaches facilitate a sharp awareness of CSR (Mason and Simmons, 2014), business ethics, and business practices that allow better informed decision on stakeholder salience (Fassim, 2010; Mason and Simmons, 2014). In most of the stakeholder management literature, emphasis is always on the strategic aspects of identifying which stakeholders matter to the organisation and effectively achieve corporate objectives (Crane and Matten, 2010). However, company cannot always satisfy the demands of all stakeholders. As a result, the goals of different groups may cause conflict, and, not all the organisations have the resources to cope with the challenges of the demand from stakeholders. Hence, company must make choices, and in the process, it must identify the most important stakeholders and give highest priority to pursuing strategies that satisfy their needs (Crane and Matten, 2010). Attempt to manage the challenges of identification with respect to the relationship between a business and its multiple stakeholders in the society assigns a new role to management (O’Riordan and Fairbrass, 2014). This also provides a strong indication of the practical dilemmas faced by decision makers when managing stakeholders.

The effectiveness of managerial actions depends on how managers view their stakeholders’ interests and influence and how appropriate they respond to these conflicting interests (Wing-Hung Lo et al., 2010; Taghian et al., 2015). Prior to designing and implementing strategy, managers should undertake environmental scanning activities to ascertain the view of various stakeholders and their significance to the firm. Over two decades of refinement and integration of stakeholder into multiple disciplines, stakeholders are majorly defined mostly by their generic economic function to consume, invest, and supply, etc. (Crane and Ruebottom, 2011). Irrespective of the merits of a stakeholder approach to the understanding of business operations, lack of coherent assessment of those merits without a reasonably clear idea of what is involved to be a stakeholder in a business constitutes a major problem. That is, no clear idea of

‘Stakeholder’ in businesses (Kaler, 2002 p.91). Specifically stated there is no single universally acceptable definition. Thus, in stakeholder literature there are few broad definitions that attempt to specify the empirical reality that virtually anyone can affect or be affected by an organisation’s actions (Evan and Freeman, 1993; Freeman, 1984), yet claims may come from a broad range of demographic, cultural, political and societal affiliations which for some reasons, are not easily reconciled within the typical firm-generated economically oriented stakeholder role (Crane and Ruebottom, 2011). The idea that firms has more responsibilities that only meeting the expectations of the shareholders is most prominent around the world of business today (Erdiaw-Kwasie, 2017).

Stakeholders can be primary or secondary (Clarkson, 1995; Mishra and Suar, 2010). Primary stakeholder groups include; employees, customers, investors, government, and community, with whom the comparison may have formal relationship with the corporation. While secondary stakeholder consists of media and special interest groups to whom firm does not have any contractual obligation. Corporate executives must make CSR giving decision or recommendations must base on their understanding of the organisations CSR and intent and stakeholder issue salience (Cantrell et al., 2015). The gap in the literature was due to over searching theoretical perspective which enables managers to better understand the firm CSR giving decisions from a stakeholder management and issue salience perspective. Phillips et al. (2003) stress that stakeholder means different things to different people and evokes praises or scorns from various scholars and practitioners of myriad academic disciplines and background. Similarly, Kaler (2002) held that allowing of stained sense, as well as a specification of the claim as a moral one is needed, because of lack of agreement in attributing claimant status to stakeholders.

However, among the various definitions, for instance, the talk does not merely fluctuate between ‘claims’ and ‘right’, with the added complication that they can be ‘legal’ or ‘moral’ or simply ‘legitimate’, there are also what might only be claimant-like definitions which talk of stakeholders being people for whom an organisation is

‘responsible, of them being “contract holders” of them being people with investments at ‘risk’ or just people with ‘legitimate interests’ (Kaler, 2002 p.92).

Therefore, such categorisation ignores the social glue, the bonds of group cohesion, identity and differences that typically form the basis for claim making in relation to the firm (Crane and Ruebottom, 2011). In the current dispensation, academia and practitioners focused more on how the relationships between firms and stakeholders can be healthy and mutually beneficial (Idemudia, 2007; Erdiaw-Kwasie et al., 2017). There is no clearly articulated conceptually robust framework for incorporating social identities into stakeholders thinking (Crane and Ruebottom, 2011). But to understand relevant stakeholders, managers and researchers must holistically classify constituencies across both economic and social identities. Stakeholder identification and mapping are too fragmented and superficial to be able to make meaningful assessments of the bases on which groups form, interpreted and act in relation to the firm (Crane and Ruebottom, 2011).

The emergence of concerns over the social dimensions of CSR practices (Erdiaw-Kwasie et al., 2017), notably within the extractive industries recently become a source of concerns to business ethics and management scholars (Erdiaw-Kwasie et al., 2017; Reimann et al., 2012). For instance, to enhance model of stakeholder identification that integrates stakeholder relations within the existing economic-based framework (Crane and Ruebottom, 2011), with focus on social criteria for defining stakeholders and their interests (Erdiaw-Kwasie et al., 2017), agendas and potential engagements in the corporate activities and partnerships.

The responsiveness of managers towards stakeholders is a reflection in their stakeholder management strategies (Mishra and Suar, 2010), understanding the link between the application of different strategies to engage stakeholders and consequent outcomes is critical (Heugens et al., 2002; Mishra and Suar, 2010). Erdiaw-Kwasie et al. (2017) claim that in global mining industry, the focus on mineral resources development policy is increasingly encompassing, participatory evaluation of the social, economic and environmental benefits and costs of mining activity in communities. In addition, public trust in the global mining industry has deteriorating, social movements, local

communities, international media, academics, non-governmental organisations (NGOs) and other parties have placed unprecedented pressure on firms to take greater responsibility for their socio-economic and environmental impacts (Erdiaw-Kwasie et al., 2017; IIED, 2002).

Table 3.3: A Sorting Rationale for Stakeholder Identification.

<p>A Relationship Exists The firm and stakeholder are in a relationship</p> <p>The stakeholder exercises voice with respect to the firm</p>	<p>Starik (1994 p.90) – “can and are making their actual stakes known” – “are or might be influenced by or are potentially are influence of, some organisation”.</p> <p>Taghian et al. (2015 p.343) “manager need to consider the values, sentiments and expectations of their key stakeholders”</p> <p>Theodoulidis et al. (2017 p.175) – “can be used with three different perspectives to study how stakeholder interests affect the characteristics of the firm and its multi-dimensional performance”</p> <p>Bissoon (2018 p. 4) ‘stakeholders consist of group of people or individuals who are involved in some capacity with the organisation’</p>
<p>Power Dependence: Stakeholder Dominant The firm is dependent on the stakeholder The stakeholder has power over the firm</p>	<p>Starik (1994 p. 90) – “can and are making their actual stakes known” – “are or might be influenced by, or are or potentially are influencers of, some organisation”</p> <p>Brenner (1995 p.76, n.1) – “are or which could impact or be impacted by the firm/organisation”</p> <p>Cantrell et al. (2015 p. 405) - “offer a lens to better understand just who the stakeholders are, what responsibilities the has to these stakeholders, the relative power, legitimacy and urgency”</p> <p>Abukari and Hamid (2018 p.3) ‘firm attempt to legitimize their existence in the society, disclose their CSR activities to look good based on the expectation of the society’</p>
<p>Power Dependence: Firm Dominant The Stakeholder is Dependent on the Firm The Firm has Power Over the Stakeholder</p>	<p>Carroll (1993) p.60) – asserts to have one or more of the kinds of stakes in business- may be affected or affect</p> <p>Starik (1994 p.90) – “can and are making their actual stakes known” – are or might be influenced by, or are or potentially are influencers of, some organisation”</p> <p>Brenner (1995 p.76, n.1) – are or which could impact or be impacted by the firm/organisation”</p> <p>Shnayder et al. (2016 p. 216) – “like all government organisations under whose policies the firm must operate”</p>
<p>Power - Dependence Relationship Mutual The firm and stakeholder are mutually dependent</p>	<p>Thijssens et al. (2015 p. 875) - “able to influence the existence of CSR disclosure and the conditions under which this influence is effective”</p> <p>Abukari and Hamid (2018 p.3) ‘social activity is performed to earn legitimacy from the area that firm operate’.</p>
<p>Basis of Legitimacy of Relationship The Firm and Stakeholder are in Contractual Relationship The Stakeholder has a claim on the Firm The Stakeholder has Something at Risk</p>	<p>Clarkson (1994 p.5) “bear some form of risk as a result of having invested some form of capital, human or financial, something of value, in a firm” or “are placed at risk as a result of a firm’s activities”</p> <p>Donaldson and Preston (1995 p.85) – “identified through the actual or potential harms and benefits that they experience or anticipate experiencing as a result of the firm’s actions or inactions”.</p> <p>Gangone and Ganesscu (2014 p. 541) - “the more stakeholder possesses</p>

The Stakeholder has a Moral Claim on the Firm	<p>power, legitimacy and urgency the higher is the importance firm grant them”</p> <p>Paul (2015 p. 707) – “Firm is a central element surrounded by a number of stakeholders”</p> <p>Bissoon (2018 p. 2) ‘social contract exists between business and society, society is considered to allow companies to exist and have rights, and in return expecting them to fulfil its expectations about how their operations should be conducted’.</p>
Stakeholder Interests – Legitimacy Not Implied The Stakeholder has an interest in the Firm	<p>Clarkson (1995 p.106) – “have, or claim, ownership, rights, or interests in a corporation and its activities”.</p> <p>Mason and Simmons (2014 p. 80)- “organisational justice can be extended by applying it to stakeholder perception of equitable treatment in an organisational context”</p> <p>Bissoon (2018 p. 2) ‘when society’s expectations are not fulfilled, that is, a company’s actual or perceived behaviour is not in accordance with social values and norms, a breach of contract exists, and a legitimacy gap may develop’.</p>

Source: Adapted from Bissoon (2018); Mason and Simmons (2014); Mitchell et al. (1997); Paul (2015)

3.4.2.1 The Implication of Stakeholder identification to this Research

The identification of stakeholders based on their roles, impact, involvement and proximity to the operations in the industry, will guide the oil companies on how relevance a stakeholder is. As some are regarded everyone to be important enough that none could be deem as important. In addition, the sorting of stakeholder by various authors provides an indication that stakeholders were identified based on their roles and contributions to activities in the industry. Some authors identified the nature of relationship based on different reasons such as how oil companies control of necessary resources and expertise. The Nigeria government is deemed as the biggest JV partner and regulator; therefore, oil companies are responsible to the government.

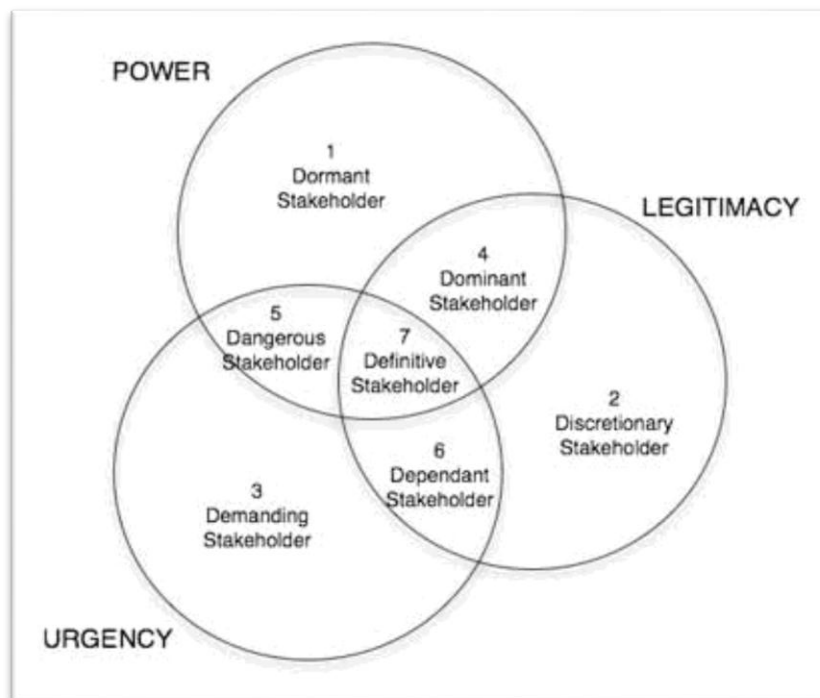
The host communities claimed that they are mostly affected by the operation of the oil companies and react negatively through violence, demonstrations and protests. Host communities were not pleased with how the oil companies were managing them. However, some commentators argue that this has changed over time, thus this depends on the opportunities given to the host communities to express their grievances with the oil companies. At times, lack of proper communication between representatives of the

host communities and the oil companies hindered the cordial relationship in the communities.

In summary, most of the scholars who attempted to narrow the definition of stakeholder emphasize that claims for legitimacy is based upon contract, exchange, legal title, legal right, moral right, at-risk status or moral interest in the harms and benefits generated by company actions and that, in contrast, scholars who favour a broad definition emphasize the stakeholder's power to influence the firm's behaviour, if there are legitimate claims (Mason and Simmons 2014; Mitchell et al., 1997; Shnayder et al., 2016). In all, stakeholder management must be better defined to serve the narrow interest of legitimate stakeholders.

3.4.3 Stakeholder Attributes

Figure 3.2: Stakeholder Typology: One, Two or Three Attributes



Sources: Mitchell et al. (1997) 'Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts', *The Academy of Management Review*, 22 (4), pp. 853-886.

Stakeholder often seek to influence firm's CSR philosophy and practice (Mason and Simmons, 2014), with different groups such as local and national communities, the media, government agencies seeing having lesser or major impact (Simmons, 2008). Various stakeholder elements (Santana, 2012), or broader consideration of stakeholder expectations is appropriate (Mason and Simmons, 2014). AS empirical study of CSR programmes was conducted in Spain (e.g. Archel et al., 2011; Mason and Simmons, 2014), where stakeholder consultations most time lead to silence of divergent voices from dominant CSR discourse. Agle et al. (1999) stress on the need to understand stakeholder attributes and salience in a relation to corporate performance and CEO values, and such attributes are not to be possessed, but it becomes meaningful and effective when properly used by the stakeholder that possessed them. Moreover, for stakeholder to be perceived as legitimate by management of the focal organisation, it might not be enough for it to be a legitimate entity (Santana, 2012). Stakeholder salience depends upon the combination of these attributes possessed by such stakeholder. Power, legitimacy and urgency are the three attributes that affect the degree to which corporate managers give priority to stakeholder claims (Gangone and Ganesu, 2014; Matilainen, 2010). Hence, these attributes are as follows:

Power: This is the ability to influence the behaviour of others in an organisation (Bacharach and Lawler, 1981), power is deriving from numerous bases, such as someone's position in the hierarchy within an organisation, or the possession of valuable resources like knowledge and expertise (French Raven, 1959). Similarly, Sligte et al. (2011) stress that the interesting implication of this socio-functional perspective on power and cognition is that cognitive processes operate in the service of motivation to maintain and increase power. Nonetheless, socio-functional perspective on power implies that individual power is not a given and that power is not necessarily a stable feature of the situation within which the individual operates. Power arises because of dependence of firms on environmental actors for resources (Mishra and Suar, 2010; Pfeffer and Salancik, 1978). It is stakeholder's ability to influence the company (Gangone and Ganesu, 2014).

Legitimacy: The notion of ‘legitimacy’ is seen as socially accepted and expected structures or behaviours, often, is coupled implicitly with power when attempt to evaluate the nature of relationships in society (Mitchell, 1997 p.866). Also, Santana (2012) stated that legitimacy of the entity depends on its values and principles, mission and objectives, process and outcomes and actions. Hence, the legitimacy of the stakeholder’s claims related to the three factors. The relationships and dependencies among the three aspects of stakeholders should further be investigated. Legitimacy should not be treated separately, because power is part of it or at best an avenue through which power is acquired (Phillips, 2003). Legitimacy is the generalised perception that actions of an entity are desirable, proper, or appropriate within some socially constructed norms, values, belief and definitions (Mishra and Suar, 2010; Suchman, 1995). In addition to Gangone and Ganesu (2014) legitimacy means that stakeholders’ claims that are accepted or expected in a society.

Urgency: Mere regarding power and legitimacy as independent variables in stakeholder-manager relationships takes us some distance towards a theory of stakeholder identification and salience but failed to capture the dynamic of stakeholder – manager interactions (Mitchell et al., 1997), but including urgency as part of stakeholder attribute help to move the model from static to dynamic. Likewise, urgency could be synonyms of ‘compelling’, ‘driving’, and ‘imperative’, exists only when two conditions are met: when relationship or claim is of a time-sensitive and when relationship or claim is important or critical to the stakeholder (Mitchell, 1997 p. 867). Urgency helps in identifying stakeholder groups who demand attention within constraints of time (Mishra and Suar, 2010; Wartick and Mahon, 1994), and the degree to which stakeholder claims call for immediate attention and to the importance of the claim or of the relationship with stakeholder (Gangone and Ganesu 2014).

In conclusion, both stakeholder groups seek organisation compliance with relevant legislation and regulation, timely, and transparent disclosure of information (Mason and Simmons, 2014), expecting their views to be considered in organisation decision-making. Thus, stakeholder that possesses only one of the attributes will be regarded as

the least important or ‘latent’ stakeholders (Crane and Matten, 2010 p. 202). Additionally, those in possession of two of the three qualities are moderately important and could be regarded as ‘expectant’ stakeholders. Those that possess all the three will be the most important constituencies and term ‘definitive’ stakeholder, hence definitive stakeholders are more significant and often require active engagement to develop effective and appropriate working relationship (e.g. Crane and Matten, 2010; Gangone and Ganescu 2014; Mishra and Suar, 2010). Therefore, the importance attached to a stakeholder depends on the possession of these three attributes.

3.5 Stakeholders Categorisation Typologies

In the literature, various authors argue that different stakeholder groups should be taken into consideration when planning for corporate objectives (Agle et al., 1999; Eweje 2006a; Ponar and Jancic 2006). The prominent among the groups that often discuss are employees, consumers, shareholders, media, business partners, competitors, the government, the local community, NGOs etc. (Podnar and Jancic, 2006). Based on the stakeholders’ attributes earlier discussed above, “Principle of Who or What Really Counts” rests upon the following assumptions, that manager who want to achieve certain ends pay particular kinds of attention to various classes of stakeholders; that managers’ perceptions dictate stakeholder salience; and that the various classes of stakeholders might be identified based upon the possession or the attributes possessed (Mitchell et al., 1997 p 872). Similarly, Savage et al. (1991) analyze typology of stakeholders based on stakeholder’s potential of threats or cooperation with the corporation. Therefore, Mitchell et al. (1997) show the links between various levels of stakeholder salience with the use of the attributes to come up with stakeholder typology. Thus, stakeholders could be classified into two categories (Phillips, 2003), or based on the group relationship with the firm or resources (Fassin, 2009). However, below are modes of categorisation of stakeholders.

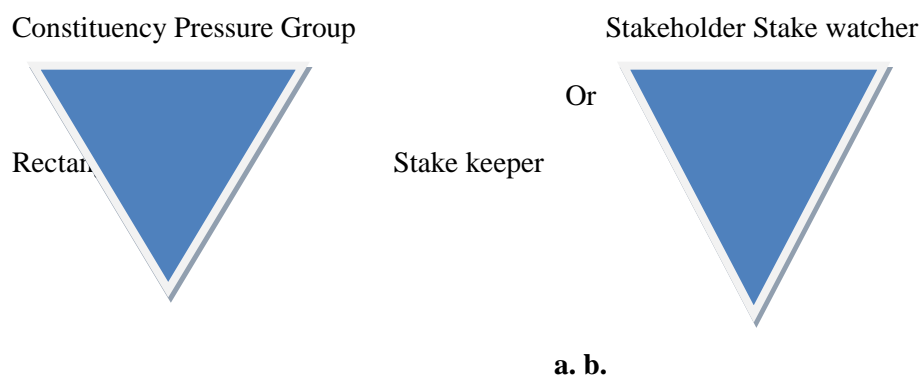
3.5.1 Stakeholder Classification Based on Relationship with the Firm

The classification of stakeholder based on relationship with the firm was championed by numerous scholars in the field of management literature (e.g. Fassin, 2009; Phillips, 2003). For example, Phillips (2003) classifies stakeholders into normative and

derivative legitimacy. Thus, the distinction helps to distinguish a relationship between the organisation based on direct moral obligation and those based on power to help or harm the organisation. Accordingly, stakeholders who retain the ability to affect the organisation are managerially legitimate ‘derivatively’, but any legitimacy arises from the moral obligation owed other “normative” stakeholders. However, the two classifications are important, but different from one another (p. 26).

Similarly, to disentangle the confusion in the existing terminology (Fassin, 2009 p. 121), the relationship of the firm and the stakeholder could be categorised into the ‘**real stakeholders**’, who have concrete stake, with real positive and loyal interest in the firm; ‘**Stake watcher**’, who do not really have stake in the firm but, they do protect the interests of real stakeholders as proxies or intermediaries. This group of stakeholders looks after a stake with care, attention and scrutiny (i.e. watchdogs) on behalf of stakeholders. The ‘**stake keeper**’, this group is removed from active and real stakeholders. They are independent regulators, who have no stake in the firm but have influence and control (Fassin, 2009 p121). Moreover, this group impose regulations and constraints, while the firm has little reciprocal direct impact on them. Nevertheless, Fassin (2009) argues that this method of classification indicates a triangular relationship between stakeholders, stake watchers and stake keepers and the firm. These stakeholder’s relationships illustrate further in figure 3.3.

Figure 3.3 Triangle relationships among stakeholder groups.



Source: Fassin (2009) ‘The stakeholder model refined’, *Journal of Business Ethics*, 84 (1), pp. 25-43.

Stakeholder obligations and stakeholder status are created when the organisation voluntarily accepts the contributions of some group or individual (Phillips, 2003). The voluntary acceptance is linked to consent, contract, or promise in its capacity for generating obligations. In the same vein, Fassin (2009) held that government could also be added as part of the group, and there seems to be some confusion between stake watchers and stake keepers, because both seem to be doing related activities. Indeed, employees have their unions as their stake watchers, while the government through the provision of laws, regulations and courts stand as stake keepers. However, Fassin (2009) further demonstrates that the range of definitions of stakeholder and the widening of the terms to include numerous external bodies further created confusion and diluted the concept. As a result, the author, therefore, divided the stakeholders into three distinct categories: the internal constituents and stakeholders who have a real stake in the company, the pressure group that influences the firm, and the regulators who impose external control and regulations on the firm. Hence, the real stakeholders have a claim on the firm, pressure groups as indirect claim, while the regulators have no claim.

Wheeler and Sillanpaa (1997) assert that stakeholder could be classified into two dimensions (i.e. primary-secondary and social-non-social) of four groups of stakeholders. Thus, primary social stakeholders represent the first group (shareholders, investors, employees and managers, customers, local communities, suppliers and partners; the secondary social stakeholder is the second group, which includes; government, social pressure groups, trade bodies, civic institutions, media and academic commentators, and competitors. In a related development, primary non- social stakeholders represent the third group, and they include; natural environment, future generations, and non-human species. The last group is secondary non-social stakeholders, it comprises (environmental pressure groups, animal welfare organisations) (Wheeler and Sillanpaa, 1997). Thus, stakeholder research has concentrated on the responsibilities of the firms to their various stakeholders (Fassin, 2102) Nonetheless, some of these responsibilities have been generally neglected. Fassin (2012) found that stakeholder's literature failed to raise the issue of stakeholder responsibility in the discussion of the definition of who is a stakeholder and who is not.

Table 3.4: Authors and Stakeholder Categorisation

Authors	Stakeholder Categorisation
Savage et al. (1991)	Supportive, Marginal, Non-supportive and Mixed Blessing Stakeholders
Mitchell et al (1997)	Latent: Dormant, Discretionary and Demanding; Expectant: Dormant, Dangerous and Dependent; Definitive Stakeholders
Wheeler and Sillanpaa (1997)	Primary – Secondary and Social – Non-social.
Phillips (2003)	Normative and Derivative Stakeholders
Fassin (2009)	Real Stakeholders, Stakewatchers and Stakekeepers

Stakeholder Categorization

3.5.2 Stakeholder Engagement Practices

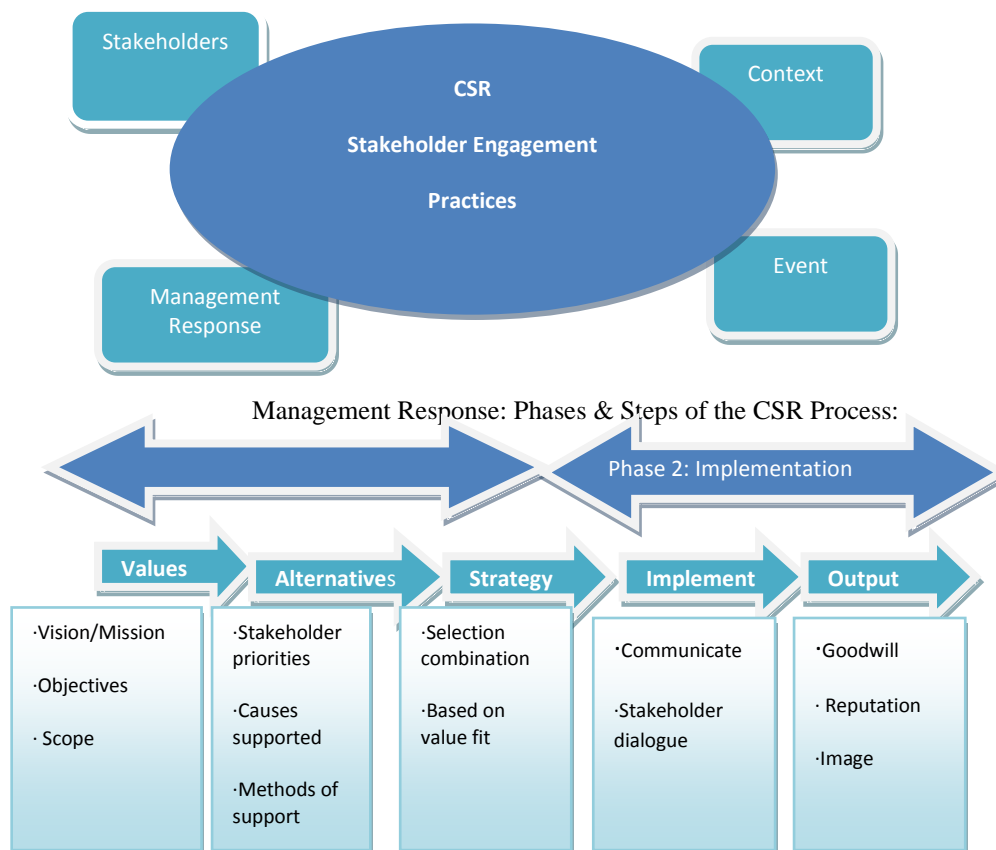
This research review literature on stakeholder engagement practices using the model adapted from (O’Riordan and Fairbrass, 2014) to substantiate the need to identify and engage stakeholder based on their importance to the firms. Previous studies on stakeholder suggest that investment of time or other resources in addressing stakeholder interest is a rational managerial activity (e.g. Freeman, 1984; Phillips et al., 2003; O’Riordan and Fairbrass, 2014). Contrast with the former profit-oriented (shareholder value) focus help by businesses in the past (Friedman, 1970). Recent acceptance of broader contribution of a stakeholder imposed a moral duty on the firms (e.g. Greenwood, 2007; O’Riordan and Fairbrass, 2014). The acceptance of this broader categorization contribution triggers novel and on-going developments in management thinking and practices.

O’Riordan and Fairbrass (2014) argue that for any corporate managers who are concerns with clear working definition of stakeholder management, the fundamental position of stakeholder theory is how to prioritise the myriad and diverse stakeholders’ claims from the broad range of actors. Managers now required going beyond shareholder profit-oriented view to the modern view of stakeholder democracy, corporate accountability, and governance. This means that managers are required to consider the rights and interests of all the legitimate stakeholders (e.g. Freedman, 1984; Jamali, 2008;

O’Riordan and Fairbrass, 2014). In their policies based on inferences from past scholarship, it is suggested that these elements should reflect the key determinants factor which required decision maker’s attention when managing their key stakeholder engagement activities (O’Riordan and Fairbrass, 2014). These key stakeholders influenced by emerging issues and corporate objectives of the firms.

For instance, O’Riordan and Fairbrass (2014 p. 125) cited that CSR drivers/influencers’ category was sub-divided into three elements: the ‘environment context’; ‘given circumstance’; people and ‘event’. Moreover, the ‘management response’ category was interpreted to include the aspects like ‘values’ ‘response alternatives’ or ‘options’; ‘selection of response strategy’, the ‘CSR communication process’ and ‘stakeholder engagement/dialogue’ as well as ‘public relations’, and ‘control indicators’.

Figure 3.4 Management Response: Phases and Steps of the CSR process



Source: Adapted from O’Riordan and Fairbrass (2014 p. 126).

Figure 3.4 illustrates each of the four components of stakeholder engagement practices. The first element is the context, and it explains the external environment in which firms and their stakeholders operate. The second elements focus on the nature of ‘stakeholder’ themselves and their various interests. These elements indicate that the management process of the identification of stakeholders and their expectations (e.g. Matten and Moon, 2008; O’Riordan and Fairbrass, 2014). Also, the third element address the importance of a particular event (e.g. such as a serious health issue) in poverty-stricken region. Therefore, regardless of favourable or unfavourable contexts and the actors involved, a specific event may trigger CSR issues. The fourth element focuses on the potential or actual ‘management response within the operating context of the other factors or determinants.

O’Riordan and Fairbrass (2014) argue that this model is designed as a two-phase process comprising the five strategic management steps which comprises of values, alternatives, strategy, implement/control and output. However, authors claimed that these components are not mutually exclusive; rather, they are interdependently and cumulatively related to one another.

In summary, these key elements required attention of corporate managers, when managing their CSR stakeholder engagement activities. Moreover, conceptualisation attempted to specifically address many of the concerns with respect to the management of stakeholder engagement which were identified in past scholarship. Hence, stakeholder categorisation helps managers to identify the importance of particular stakeholder to the achievement of firm’s objective.

3.6 Corporate Social Performance and Community Engagement

Though numerous scholars have discussed significance of CSR, but little has been done on how corporations should manage their CSR activities for using their resources for the betterment of the society (Tracey et al. 2005). Loannou and Serafeim (2012) state that recently many business organisations adopt and implement a range of CSR initiatives and various independent agencies, such as Kinder, Lydenberg and Domini (KLD, Bloomberg and Thomson Reuters ASSET4, rate and rank-order corporations based on their corporate social performance. But given substantial amount invested by corporations in CSR, the potential benefits for both corporations and communities, increasing expectation surrounding CSR and its potential to encourage economic regeneration, the amount of efforts put to persuade corporations to consider themselves ‘citizens’ with right and responsibilities in relation to the demand of stakeholders (Tracey et al., 2005 p. 328) are still not enough.

Carroll (1991) argues that there is mutual fit between the idea of CSR and organisational stakeholders. Thus, the concept of stakeholder personalises social or societal responsibilities by delineating the specific groups or persons' business should consider in its CSR orientation. In addition, given the broad conceptualisation of CSR, it is not surprise that domains of socially responsible behaviour are many and diverse (Sen and Bhattacharya, 2001). As such, the thesis of license to operate framework assumes that company's license to operate describes what it can and cannot do (Burke, 1999; Idemudia, 2009). This eventually is the reason why companies in the past obtained a license to operate from the government, but today, companies now required to obtain a 'social license to operate' from communities and neighbourhood (p. 134). Idemudia (2009) held that license to operate model depends on the capacity of stakeholders to enforce it. Moreover, license to operate assumes that corporations that failed to use their power responsibly will have their power and freedom shortened by society with consequence for corporate legitimacy and viability.

Nevertheless, many companies demonstrate their interests and are actively participating in initiatives that contribute to the improvement of the society and the natural environment (Dentchev, 2004). Also, a strategic perspective questions for the practical value of corporate social performance for the organisations or the contribution of corporate social performance to the achievement of the corporate goals. The rapid growing of businesses across borders further brings about complexity in doing business (Tan, 2009). Corporations are increasingly held accountable for greater transparency and social responsibility. Based on the pressure from both internal and external stakeholders, firms' obligations to their host communities have increased (see McWilliams, 2006; Tan, 2009). Thus, more firms are expected to assume social responsibilities (i.e. human rights protection, labour standards, environmental sustainability, consumer protection, etc.) once addressed by governments and non-governmental organisations.

CSR has transcended beyond state of passive compliance with society's basic legal and moral rules of proactive engagement with social issues (Tan, 2009). The new community engagement ranges from harm minimization to tangible and social value creation, and from whether corporations should act as social agents or whether and how

a business case can be made for corporate social strategy (see Husted and Allen, 2007; Margolis and Walsh, 2003; McWilliams, 2006; Tan, 2009). Thus, one needs not consider the social issues that have evolved under the rubric of social responsibility to recognized how they have changed over time (Carroll, 1979). Apparently, Carroll (1979) cited example of ‘product safety, occupational safety and health, and business ethics were not of major interest as recently as a decade ago; the preoccupation with the environment, consumerism, and employment discrimination was not intense’ (p. 501). Hence, the degrees of organisational interest in social issues are always in a state of change. Also, social issues are of varying concern to businesses, depending on the industry in which they exist as well as some other factors.

Carroll (1979) cited that bank, for example, might not be pressed as such on environmental issues as manufacturing companies. Manufacturer is considerably more concerned with the issue of recycling than insurance company. Corporate social performance is not seen as something that is implicitly good and ‘desirable’ for firms ‘to have’, or that is linked to particular, but unspoken values, but as a construct for evaluating business outputs that must be used in conjunction with explicit values about business-society relationships (Carroll, 1979 pp. 693-694). Ruf et al. (2001) argues that disentangling enlightened self- interest and social responsiveness proves difficult, especially as both sets of motivations can lead to positive outcomes for both stakeholders and the firm.

Table 3.5: Corporate Social Performance Model

Principles of Corporate Social Responsibility Institutional principle: legitimacy Organisational principle: public responsibility Individual principle: managerial discretion
Processes of corporate social responsiveness Environmental assessment Stakeholder management Issues management
Outcomes of corporate behaviour Social impacts Social programs Social policies

Source: Wood (1991) ‘Corporate social performance revisited’, *Academy of Management Review*, 16 (4), pp. 691-718.

The basic idea of “CSR is that business and society are interwoven rather than distinct entities, Society has certain expectations for appropriate business behaviour and outcomes” (Wood, 1991 p. 695). Literature review indicate attempts to specify the principles of CSR which is yet to be distinguished among three conceptually distinct but related phenomenon: expectations placed on all business because of their roles as economic institutions, expectations placed on a particular firm because of what they are and what they do, and expectations placed on managers as moral actors within the firm. Wood (1991) emphasises that once the three levels of analysis are distinguished (institutional, organisational and individual), then several competing concepts can be merged together to explain three corresponding principles of CSR. However, the three principles of CSR include the following:

●Institutional Level: Legitimacy

Corporate social responsibility addresses the role and responsibilities of companies in society (Muthuri and Gilbert, 2011). CSR of any companies is the development of its stakeholders, and avoidance and correction of any negative consequences caused by business activities. Davis (1973) Iron Law of Responsibility, stresses that legitimacy as a society level concept, could be responsibility of business as a social institution that must avoid abusing its power. This principle expresses a prohibition rather than an affirmative duty and it applies equally to all companies regardless of their circumstances (Wood, 1991). Muthuri and Gilbert (2011) argue that to develop an “Africanised” CSR agenda, we must first understand the institutional environment and determinants that drives CSR practices in African countries. Equally, conceptually relevant CSR agenda is important if we are to interrogate the role and capacity of CSR (Muthuri, 2007; Muthuri and Gilbert, 2011). Wood (1991) argues that the principles are supported by three theoretical developments: functional, stakeholder, and laissez-faire capitalist economic theory.

● Organisational Level: Public Responsibility

There are numerous efforts of various institutions at the level of market, NGO, civil society and government organisation on the need to incorporate CSR into the company corporate objective (Benn et al. 2010; Frynas, 2005; Frynas, 2010; Muthuri and Gilbert,

2011). The current climate of public debate, media commentary and institutional pressure presents new terrain where appropriate strategic response to these issues is unclear (Benn et al., 2010). Wood (1991) contended that the principle of public responsibility brings CSR down to earth for specific firms. Subsequently, in conjunction with the other two CSR principles, public responsibility can be translated into a broader 'rule of relevance' (p. 698). Thus, the reciprocal influences of business and society are so wide-ranging that companies may be able to justify social involvements that seem far from company primary and secondary involvements. Therefore, social responsibilities should be relevant to the firm's interests, operations and actions.

● Individual Level: Managerial Discretion

Despite the disasters that plague global financial market, social responsible decision-making continues to be much discussed in the business and society field (Amaud and Wasieleski, 2014). The idea behind social responsibility is that managers should act to address the business and society issues (Winsor, 2006). Amaud and Wasieleski (2014) stress that Wood's seminal piece and other scholars in the field acknowledge the importance of enhancing organisational knowledge about discretion, in order to help firms, improve individual decision-making about ethics and responsibility. The fact to date is that the business and society field has not built a concept of discretion or discretionary social responsibility that is related to the standard concept of managerial discretion (Wood, 1991). But, the focus since mid-1980s is more on business ethics, decision-making, value and conflicts, etc. This suggests that the need for principles of social responsibility in human action should be articulated.

Wood (1999) argues further about principles of CSR in corporate social performance revisited showing in table 3.6.

Table 3.6: Principles of Corporate Social Responsibility

<p>The Principle of Legitimacy: Society grants legitimacy and power to business. In the long-run, those who do not use power in a manner which society considers responsible will tend to lose it</p> <p>Level of Application: Institutional, based on a firm's generic obligations as a business organisation.</p> <p>Focus: Obligations and sanctions</p> <p>Value: Define the institutional relationship between business and society and specifies what is expected of any business</p> <p>Origin: Davis (1973)</p>
<p>The Principle of Public Responsibility: Businesses are responsible for outcomes related to their primary and secondary areas of involvement with society.</p> <p>Level of Application: Organisational, based on a firm's specific circumstances and relationships to the environment.</p> <p>Focus: Behavioural Parameters for organisations</p> <p>Value: Confines a business's responsibility to those problems related to the firm's activities and interests, without specifying a too-narrow</p> <p>Origin: Preston and Post (1975)</p>
<p>The Principle of Managerial Discretion: Managers are moral actors. Within every domain of CSR, they are obliged to exercise such discretion as is available to them, toward socially responsible outcomes.</p> <p>Level of Application: Individual, based on people as actors within organisations.</p> <p>Focus: Choice, opportunity, personal responsibility</p> <p>Value: Defines managers' responsibility to be moral actors and to perceive and exercise choice in the service of social responsibility.</p> <p>Origin: Carroll (1979), Wood (1990)</p>

Source: Wood (1991) 'Corporate social performance revisited', *Academy of Management Review*, 16 (4), pp. 691-718.

3.6.1 CSR Initiatives as a tool for Corporate Social Performance.

CSR initiatives are derived by customer's perceptions of corporate image as well as the customer's desire to 'do good' (Bower and Grau, 2009 p.114). However, the implementation of CSR initiatives can prove quite challenging in practice (Bhattacharya et al., 2009). Equally, despite the clear potential of CSR to drive company-favouring outcomes on the part of stakeholders (Bhattacharya et al., 2009), the return on CSR investment is anything but guaranteed. CSR is the evolving concept for understanding corporations' instrumental and ethical obligations for addressing some of the CSR issues (Tobey and Perera, 2012). Furthermore, Bower and Grau (2009) claim that their research is the first to support the assertion regardless of the type of CSR initiative responsibility for the brand associations. The non-profit may be seen as offering its seal of approval to that product if there is a fit between the two. Most corporations adopt the best practices in the industry for the improvement on their performance and in the midst of competition (Parast and Adams, 2012). This is when the firms closely monitor changes in the environment; evaluate new technologies in their industry and other industries.

However, it is now clear that to explain and predict the outcomes of CSR activities with any degree of certainty (Bhattacharya et al., 2009); there is need for more understanding of the underlying CSR initiatives efforts that drive those returns. Besides, national culture may alter the configuration of values that are salient in a particular local context thereby implying that multinational companies need to invest resources in understanding and tailoring CSR initiatives efforts in relation to the context of host country where corporations operate (Tobey and Perera, 2012). Thus, Bhattacharya et al. (2009) argue that there are needs to make important distinction between objective measures of the level of CSR activity and the perceptions held by the stakeholders on the ground of company's CSR initiatives. The fact remains that firm must be accountable for the impact of its actions on the environment, customers, work-force, society and all other associates of the community where it operates (Raju, 2014), since all these gesture covers stakeholders across different levels of the value chain, determining the outcome of any CSR initiatives for the society becomes undefined.

On the other hand, charitable contributions are seen as a measure of positive corporate social performance (Chen et al., 2008). Thus, Gray and Bebbington (2007) assert that most companies' social reports appear to be more about propagating a positive image than providing a balanced accounting of the firms' social impacts. Instead of being purely altruistic sharing of resources with society, corporate philanthropy should be used as a means for companies to mitigate exposures to their social legitimacy brought about their poor performance in other area of social issues (Carroll, 1979). Accordingly, Chen et al. (2008) posit that there should be meaningful evaluation of the positive social impacts of corporate giving in conjunction with the availability of unbiased social reporting of other performance areas. Also, the social responsibilities of business, firms and their managers have received a lot of attention from academic literature since 1950s (De Bakker et al., 2005), but it appears to be no consensus in the academic literature regarding these responsibilities. In fact, Eweje (2006) stated that CSR initiatives may be inform of provision of education, scholarships, and building of road in Nigeria. Although, in economic terms, these are not the responsibility of businesses, but in developing countries, 'these roles, or rather duties', are expected from multinational oil companies.

CSR programmes need to be given assistance in order to shift requests for support and auditing the company's operational environment for emerging issues which the company needs to respond (L'Etan, 1995). Thus, corporate philanthropy has provided direct benefits for the individuals, organisations and the environment (Fry et al., 1982), charitable activities is an important indicator of corporate performance efforts for the society (Aupperle et al. 1985). Market factors might not be relevant for analysing philanthropic activities of small business than various institutional factors (Thompson and Hood, 1993) Factors such as commitment of top management, the firm's position in the local community, and the attitude of business towards contributions are considered important. Thus, Enuoh and Inyang (2014) argue that to ascertain the level of involvement of oil companies in social issues, CSR must be given due consideration.

CSR has the potential to make positive contribution towards addressing the needs of the host communities, particularly, in Less Develop Countries (LDC), because oil

companies either directly or indirectly cause some damages to the host communities which affect their likelihood. As such, Hall (2006) claims that business leader, especially those in regulated and monitored industries the likes of utility industry, must balance demands for long-term bottom line benefits and a return on investment that grows overtime. Yet, there are conflicting demands that lead to deliberations among scholars and business leaders over the value and legitimacy of corporate philanthropy and community relations programmes. On the other hand, corporations are constantly under pressure to be more open and accountable for number of their actions, and, to report publicly their efforts regarding performance in social and environmental arenas (Eweje, 2006).

Moreover, the relationship that the firm has with any group will be dynamic and in line with social, political, economic and legal environment within which the firm operates (L'Etan, 1995). Moreover, the new factors that bring about responsibilities may change over time. For instance, such factors might be economic in nature with the following indicators: period of recession, medical, proof of link between a disease and a particular industrial process, or cataclysmic such as oil spillage or chemical explosion (L'Etan, 1995). Besides, most research today has been relatively silent on the effects that corporate social performance may exert on a firms' ability to successfully operate across borders (Bouquet and Deutsch, 2008). Due to inability to attest to the instrumental value of corporate social performance and absence of global accountability standard (Sethi, 2003), firms may choose to continue to expand internationally without paying necessary attention to social performance objectives (Margolis and Walsh, 2003).

Due to growing public attention on the firm's behaviour, many multinational companies have focused their efforts to these benefits and undertaken significant investments to improve their corporate social performance (Bouquet and Deutsch, 2008). It is often argued that improving corporate social performance inevitably comes with a set of attendant costs and constraints for the firm. Moreover, L'Etan (1995) asserts that direct company responsibilities are those which arise directly from their existence and operation. The responsibility includes a company's mission, culture and objectives and well-being of the employees. Meanwhile, indirect responsibilities are focused on the

society and this arises because of power which companies have in society either as individual or collectively which enables them to wield influence and lobbying power over government and ensure that their views are well presented in the media (L'Etan, 1995).

Corporate philanthropy and community relations programmes help demonstrate the company's values in the area such as environmental concerns and employees' welfare, particularly where the public have less first-hand knowledge of what the company does than they do in product-related areas (Hall, 2006), after the company might have established those programmes, businesses need to measure whether they really help in achieving business goals or not. Meanwhile, meaningful evaluation of the positive social impacts of corporate giving could only be made in conjunction with availability of an unbiased social reporting of other performance areas (Chen et al., 2008).

3.6.2 CSR Initiatives: Niger-Delta Experience

There is need for oil companies to tackle the vicious circle of inequality due to the fact that increasing in CSR expenses and operations have either eradicated insecurity or overcome poverty in Niger-Delta region (Renouard and Lado, 2012). Moreover, company CSR programmes employed begin by exploring the role of oil-related businesses in maintaining inequalities and exclusion through its implementation. Similarly, inequalities hamper sustainable development and provide ethical criteria for assessing the responsibilities of oil companies (Renouard and Lado, 2012). Prominent way of categorisation of inequalities in Niger-Delta includes: gender, income, sector-based and regional inequalities. Due to the growing demands from communities and rising awareness of unsatisfactory benefits from oil wealth, MOC now use defence mechanism as a way of remedy to the deficiencies of government institutions in Niger-Delta. Nonetheless, the motivation for CSR in African countries such as Nigeria is quite different from other countries in the developed world (Phillips, 2006). For instance, in Europe, the pressure for CSR is exercised by the government, though not by law, but by clear indications of 'expected' behaviour, especially when influenced by pressure from people who have strong feelings and expectations about issues in which corporate entities are themselves stakeholders (Phillips, 2006 p. 23).

In Nigeria, salaries and other compensation to the oil companies' staff compared to other sectors and other countries like Indonesia, Ghana, Libya and Iraqi are relatively higher, and this is because of perceived insecurity in the oil region (Christie, 2012). Nevertheless, this cumulates into raising inequalities between their employees and the larger society. The oil companies in Nigeria face the dilemma of their attractiveness in the international labour market if they eventually align their employees' compensation with what is obtainable in the other countries which are characterized with lower income or supporting raising income discrimination between foreign and local employees if they keep or worsen the historical high gap between foreign and local workers (Renouard and Lado, 2012). Due to the pressure from the local unions, many of the oil companies adopted the solution of both maintaining their workforce which led to progressively increase in local employees' compensations and benefits.

There were strong externalities throughout the social environment of the companies, since oil sector is familiar with non-labour incentive. This is due to lack of comprehensive solutions for not given open access to oil wealth and subsequent benefit to the entire society in a sustainable way. Meanwhile, political pressure and political will have encouraged and sustained CSR initiative in the civilized countries (Phillips, 2006), Asia which is very much like the African rural communities, was able to retain strong sense of community and tradition reflected in their active CSR.

Due to the riots of the 1990s, Nigeria government encouraged the oil companies to directly fund socio-economic programmes within the communities (Human Right Watch, 2005). The relationship between oil companies and the communities are regulated under Memorandum of Understanding (MoUs) negotiated with the representatives of the communities under the supervision of the government (Renouard and Lado, 2012). The MoUs are the non-legally binding commitments of oil companies towards the host communities; with the understanding that oil companies should spend part of their revenue, which is mostly tax deductible on road construction, health and educational infrastructures, basic education and initial training of youth (Renouard and Lado, 2012). Indeed, the oil companies provide jobs and vocational training opportunities for the purpose of engaging people in economic activities and self –

generating revenues. With the guarantee for peace and uninterrupted continuation of oil operations from the communities, oil companies are able to contribute to the implementation of development projects.

In contrast, people in the communities believe that the resources and opportunities made available for them are inadequate to compensate for the wealth derived from their lands, but partially offset the negative externalities from their oil operation (Renouard and Lado, 2012). Undoubtedly, injustice appears in the redistribution of opportunities entrusted by the oil companies to the representatives of the host communities. However, the system of redistribution is often discretionary and those who benefit from the oil companies gesture are those that are very close to the distribution channels.

For example, Renouard and Lado (2012) cited instance; where in some host communities, landlords who sold their land to the oil companies at the inception are given exclusive enjoyment of all contracts on their former lands, thereby aggravating economic inequalities with those who have no other direct way of enjoying oil spin-offs. As such, Phillips (2006) posits that in USA, CSR activities form part of the commercial business process such that it is becoming difficult to separate one from other- social responsibility or good business sense. Moreover, philanthropy has become a tradition in which both corporate and individuals readily engage. But, in Africa, particularly in Nigeria, the motivations for CSR come from the failures of government to do it right for its people.

3.6.3 CSR and Government Regulations.

According to economic theory, the firm objective is to maximise the present value of profits over a long term (Armstrong and Green, 2013). Thus, some commentators claim that the objective is insufficient, because in addition to the profit objective, firms should also engage in CSR activities (e.g. Carroll, 1998; Ruf et al., 2001). Furthermore, Wu's (2014) literature on CSR is vast, ranges from broad –brush explorations to in-depth case studies covering different type of firms, industries and nations. Earlier studies shown that consumers prefer to purchase the products of and invest in firms which they feel care for environment and maintain good citizenship behaviour (see Frynas, 2005; Wu,

2014). The promoter of CSR intends to use firm socially responsible as instruments for achieving various social objective by showing concerned for reducing social irresponsibility (Armstrong and Green, 2013). Therefore, advocates of CSR, and the efforts to reduce corporate social irresponsible suggest that owners and managers lack incentives to make socially responsible decisions.

The setting of clear goal by the firm tends to improve team work, while reducing behaviour leading to socially or environmentally irresponsible decisions (Wu, 2014). Thus, incorporating CSR into firm strategy could reduce a firm probability of engaging in socially or environmentally irresponsible acts. Despite huge amount of literature around the question of whether there may be business case for CSR (Schreck, 2011); there is no reason to assume unconditional positive relationship between CSR and financial performance. However, the assumption will deny the fact that socially irresponsible behaviour does ‘pay off’ in certain cases and that, in other cases, the cost of going beyond-compliance behaviour is outbalanced by future returns (p. 168).

Nevertheless, “the factors that are driving the move towards CSR include new concerns and expectations of stakeholders, citizen, consumers, public authorities and investors, influence of social criteria in the investment decisions of individual and institutions both as consumers and as investors, increased concern about the damage caused by economic activities to the environment, and transparency of business activities brought about by media and modern information and communication technologies” (Chahal and Sharma, 2006 p. 206).

Furthermore, Wu (2014) stresses that investments in research and development (R&D) offer firms an opportunity to address diverse opinions from multiple stakeholders (e.g. consumers, governments, and local communities). For instance, Wu (2014) cited a situation where firms developing a new production process can attempt to use organic methods, rather than pesticides, an initiative which signals valued by the local community, or develop a new, more natural product variant which signals to the local community that the company is concerned about environmental issues. As a result, firms should be free to pursue the profit-making objectives of the owners, in addition, firms must develop mutual agreeable arrangements with stakeholders (i.e. those with

substantive economic interests in the activities of the firm) (Armstrong and Green, 2013). The price and other arrangements adjust to reflect the preference of individuals in each group, with each party free to end its relationships and each protective of its reputation, the system is self-monitoring and self-correcting. Moreover, Armstrong and Green (2013) held that pursuance of long-term profits encourages firms to treat other parties well and to avoid misleading the people. Moreover, if the firm treat stakeholders poorly, the stakeholder can look up to other firms that treat them well.

The regulators face a complex decision, if they are to improve on the welfare outcomes that arise from free market interactions (Armstrong and Green, 2013). Hence, to ensure free market interaction, they must fulfil basic conditions to ensure that regulation will make the situation better than an unregulated market. Also, Smith et al. (2003) claim that in a market with extensive rent seeking and poorly developed legal system, many firms might ignore the rules if socially irresponsibility behaviours is seldom criticized or punished, and, it may not be wise for firm to adopt responsible practices when many other firms are acting irresponsibly (Wu, 2014). Thus, the situations might warrant the firms to oblige to adopt socially and/or environmentally irresponsible measures to appeal to their customers and seize such opportunities.

3.7 Summary of the Chapter

Summarily, this chapter established that the origin of CSR is entrenched in ethics held by people across cultures and countries that covered several decades. It was also revealed that there is no universal definition of CSR; the definition varies according to the authors and the research context. CSR meaning reflects triple-bottom lines-economic, social and environmental. Communities around the world have come to demand a greater share of benefits from oil exploration, more involvement in decision making, and assurances that mineral development will be conducted safely and responsibly. Moreover, globalisation has given rise to understandable concerns about power, responsibility, the role of governments and the role of companies in pursuance of business objectives. CSR activities now used to manage the stakeholders, particularly in a developing country like Nigeria. The review revealed that some area of disagreement about the authors views were noted using other authors' critiques of such works, with

those of the researcher. However, CSR is hindered by barriers like cost of CSR, outdated approaches, lack of information on its influence, apathy from government, and exhibition of ignorance by the host communities

In continuation of the literature review, the next chapter reviews literature around this study conceptual framework: CSR dimensions (i.e. compliance to industry standards, corporate legitimacy, regulatory infractions and CSR initiatives), and CSP dimensions (environmental performance, community relations and community perception). Relevant literature review was also undertaking on theories that deemed fit for this study and simultaneously provides an answer to the research questions.

Chapter Four

Theoretical Framework

4.0 Introduction

The previous chapter concentrated on the review of literature on CSR and corporate social performance. The review provides this study with relevant insights, theories and methods, as well as gaps. This chapter develops a sound theoretical framework with clear underpinning theories. The chapter has eight sections. Section 4.1 provides justification for the present research theories. Section 4.2 identifies gaps in the literature of CSR. Section 4.3 reiterates the research objectives. 4.4 provide a discussion around the research conceptual model. Section 4.5 discusses justification for the present research model. Section 4.6 provides theories underpinning hypotheses development. Section 4.7 discusses the mediating role of environmental performance, community relations and community perception. Section 4.8 discusses demographic factors as moderators of the relationship between Study1 and Study 2. Section 4.9 concludes with the summary of all the issues discuss in the chapter.

This chapter focuses on some of the CSR theories from which theoretical framework for this research emerge. The new research taps into previous empirical and theoretical works for developing a better approach or to gain deeper insights on phenomenon under investigation (e.g. Brown, 2006). Further, the outcome of the literature review assists in building theoretical framework for the present study, then apply the theories to real world situation (see Bryman and Bell, 2011; Collis and Hussey, 2009; Iacobucci and Churchill, 2010). CSR framework provides a theoretical basis for developing an empirically based model to explain why and how profit-motivated managers take up CSR voluntarily (Shun and Yam, 2011). Thus, CSR has earlier been conceptualized from conflicting perspectives (e.g. Garriga and Mele, 2004; Kansal and Singh, 2012; McWilliams et al., 2006). However, due to the empirical nature and the objectives of this study, three main theories of CSR that shed light on study under investigation will be applied in explaining this research finding.

Thus, stakeholder theory, legitimacy theory and social contract theory are employed for the purpose of building the present study around the conceptual framework and these theories. Although, the three perspectives are not necessarily competing, but each of the theories leads to general prediction regarding response to CSR initiatives in the face of a social issues (see Eweje, 2006b; Nasi et al., 1997). CSR and stakeholder management framework assist this study to provide concept for MOC which helps to address social challenges that offer support for social performance outcome. Thus, this chapter builds theoretical foundation for the present research based on various theoretical propositions made over the years about CSR and stakeholder management concepts. However, these general predictions are compared to the actual outcomes in the studies investigation as relate to this study.

CSR has received enormous attention among the business and companies around the world today (Rosnan et al., 2013), even societies expect businesses to act responsibly in their operations and activities. While some companies are totally embrace CSR by incorporating it as part of their business strategies, other play lukewarm attitude, wondering if such efforts are just public relations or corporate image-building activities (Rexhepi et al., 2012), if the understanding of CSR among the corporation is mere philanthropy or charity, yet the understanding of the concept is not really explicit enough. The level at which the corporation impacted on the societies and the environment is undeniable (Rosnan et al., 2013), such CSR initiatives goes beyond complying with regulations, but to consider business relations with shareholders and stakeholders (European Commission, 2001). Indeed, corporation today, juggle between the need to survive due to increase in competition and pressure to become socially and environmentally responsible business (Liz and Kenneth, 1995).

The future of CSR depends on how future leaders and managers respond appropriately to CSR practices (Rosnan et al., 2013). CSR, when properly understood, is not about what you do with your money once you made it, but how you make your money (Rexhepi et al., 2012). Also, being a socially responsible company, it is much more

important than ever before, and society expectation has changed, even the expectations of customers, partners and employees have altered as well. Similarly, Monica (2010) indicates that CSR practice should originate from the leadership, the individual employee and the organisation, instead of beginning with charitable contributions and stakeholders' demands. Moreover, the current CSR models are inadequate and require revision to set CSR standards worldwide. On the other hand, Quazi and O'Brien (2000) affirm that there is a perception that the exercise of social responsibility while important, may incur additional cost to the company.

CSR has now become a universally accepted concept by business to behave beyond the rules and regulation in line with the law (Rosnan et al., 2013). The concept is championed not only by the corporations, but also government, non-governmental organisation and the consumer etc. (Lee, 2008). Literature on CSR revealed that there is an increasing demand by the societies for businesses to act responsibly in the course of firm operations (Rosnan et al., 2013). But, corporations' attitude towards CSR has become a predictor to firm's ethical behaviours. In fact, the issue behind CSR is now more complex, global, and fast-changing than ever before (Rexhepi et al., 2012), the era of globalisation has prevented businesses from conducting destructive and unethical business practices such as unfair labour practices, childhood obesity, environmental pollution, without receiving negative response from the public.

In addition, study conducted by Ford and McLaughlin (1984) on the attitudes of many US Chief Executives and business school deans and discovered that there was high agreement on eight of the eleven statements for corporate acceptance of social responsibility. Moreover, there are five statements that were found to be significantly different between CEOs and the deans. The deans were less inclined than CEOs to disagree with the statements that during the prosperous economic times than recession, indeed, consumers and the public will bear the cost of corporate social involvement because the cost will be passed to them by the corporation. Similarly, Rajasekhara and Zelalem (2008) posit that CSR is still a major concern worldwide and continuing

commitment by business to economic development while improving the quality of life of the workforce and their families.

Until last decade, particularly in developing countries, where corporation was seen as an economic institution that provides necessary goods and services for public consumption, (Abdul and Ibrahim, 2002), in addition to profit provides for the owners. However, this development has changed significantly; due to the advent of professional managers that replaced title-holders in running big companies and changed in public attitude towards big businesses correspond with their socially responsible actions. Aside that, most businesses around the world now considered to be social organisation. Thus, corporation does not operate in a vacuum and firm operation is mostly influenced by the environment (Abdul and Ibrahim, 2002).

On the other hand, the Niger-Delta region in Nigeria, has, today, continued to seek for social justice and environmental protection due to oil politics driven by powerful interests in the government and the oil firms (Amaeshi et al., 2006), to make up for the governance failures and for corporation to protect their business interests in the region. Therefore, firms often engage in CSR. The history of 'organised' CSR in Nigeria can be traced to practices in the oil and gas sector driven by Western multinational oil companies (p. 88). Also, Amaeshi et al. (2006) attest that CSR activities in the oil sector mainly focused on remedying the effects of extraction activities on local communities. Sequence to reduction in the firms' ecological impact, the corporation often provide local communities with pipe-borne waters, hospitals, schools etc. but such gesture, often not sustained. Thus, Ite (2004) stresses that because of continued renege of government effort on its commitment which makes it almost impossible for social investments by the oil corporations to contribute positively to their host communities.

CSR has witnessed an increase in momentum, progressing from initial focus on shallow considerations of 'temporary fashion' and 'window dressing' to a serious and critical concentration of corporate strategic operation (Russo and Perrini, 2010 p. 208). Similarly, CSR doctrine has reflected in business communities dealing with world-class

social services and competitive economic activity along with growing evidence of social exclusion and environmental deterioration (Rogaly, 1999). Thus, some theories of CSR adopt different approaches and use the same terminology with different meanings (Garriga and Mele', 2004). However, the present research employs some of the CSR theories in order to contribute to the existing knowledge about CSR and stakeholder management literature. The literature review so far has described the framework of CSR as the role of business in society, setting standard of behaviour expected of stakeholder in order to impact positively with higher ethical values and productive approach. Moreover, increasing demands placed on organizations to be socially responsible beyond the purely economic, but also to indicate interest and concern for the society and the environment in general (Freeman, 1984; Jamali, 2008).

The next sections in this chapter based the discussions on the following premise: justification for the use of theories, gaps in the literature, recaps of the research objectives, and literature review of CSR theories leading to hypothesis formulation.

4.1 Justification for the Present Research Theories

This section presents theories applied to the present research and their respective features outline in the discussion of these theories. This section is concerned with justification for the use of these theories as discussed in the next sections. Thus, theories discussed below help to present the link between the features of the theories, as well as evidence from authors who have earlier applied these theories in their respective research studies. The theoretical framework envisaged, therefore, takes the stakeholder, legitimacy, and social contract theories as the major point of reference because scholars convincingly argued that stakeholder, legitimacy and social contract theories compel the firms to invest in CSR programs (see Carroll, 2004; Freeman 1984; Roman and Grant, 2013; Thompson and Hart, 2006). Stakeholder, legitimacy, and social contract theories have been linked (Carroll, 2004; Deegan, 2002; Cava and Mayer, 2006; Crane and Matten, 2010), by confirming that, there exists an interrelationship between social disclosure, stakeholder management and corporate social performance.

The link among the theories discussed below, such as stakeholder, legitimacy and social contract theories provides an indication that corporations are in existence because of

emergence of the stakeholder in which society belong. Indeed, stakeholder theory claims that there are numerous interested parties in the life of any company (actors, contractors or stakeholders). Besides, the company while trying to satisfy interests of different groups they should be fair in their dealings. In contrast, legitimacy theory assumes that companies need to perform well, at the same time undertake some of the social responsibility actions for the continued existence and grow within the community (Bitektine, 2011). Therefore, companies perform CSR initiatives in response to various environmental pressures, including social, political and economic forces. On the other hand, social contract theory advocates and asserts that if no man is an island, no corporation is even a peninsula (Cava and Mayer, 2006). Hence, each one is deeply embedded in the social, cultural, and legal fabric of its time. Thus, it is basically mistaken for corporations to view themselves as separate entities, ethically justified as an exclusive on the immediate bottom line (Cava and Mayer, 2006; Crane and Matten, 2010; Freeman, 2001).

In addition, these theories further suggest that firm performs CSR initiatives, in order to promote its image and subsequently play down on poor social performance in other CSR areas. Social contract theory offers corporations partial remedy for mending their legitimacy. As a result, those interests should be adequately accommodated since they are an instrument for the survival of an organization. The discussion of the theories below shows that, some of the theories are similar to each other, but they are different from each other. Consequently, these theories are used to complement each other in the area where they have differences. But, where these theories are similar they will be used to validate their respective features in relation to CSR, stakeholder management and corporate social performance. These are included in the discussions of these theories and justification for the choice of individual theory as discussed in this chapter.

The decision-making with respect to stakeholder relationships could be characterized with tension (Jones et al., 2007). It involves “trade-offs between the firm interests and stakeholder interests, as well as those between or among the interest of different stakeholders that are inherently involve the allocation of benefits and burden among the human beings which involve moral questions” (p. 141). Furthermore, in relationships to

stakeholders, firm self-interest is often related to the exercise of power, with regard to moral concerns a 'might make right' (Jones et al., 2007 p.141). In contrast, traditional morality may require that firms respond to stakeholders with legitimacy and this is particularly considered by most of the stakeholders as fundamental moral phenomenon. The legitimacy theory claims that organizations ensure that they operate within the bounds and norms of their respective societies (Brown and Deegan, 1998), its root in the idea of social contract between the corporation and society (Vanessa, 2006). Hence, legitimacy theory conferred the right of existence to corporation upon it by society.

In sum, stakeholder theory cannot supply the necessary perspective on the most difficult moral question in business, such as obligation to obey the law and to manage in an environmentally responsible manner (Freeman, 2001; Orts and Strudler, 2002).

4.2 Gaps in the Literature

The present research review literature on CSR, stakeholder management, and corporate social performance of oil companies' operation in Nigeria. Additionally, this study adopts three major theories deem relevant for undertaking this research. Similarly, the review of literature helps to discover the focused of previous research and how much of CSR initiatives undertaking by the oil companies in the Niger-Delta region of Nigeria. Besides, previous studies of CSR in Nigeria paid little attention to the relationship between stakeholder management and oil firms' social performance (see Eweje, 2006a; Eweje, 2007; Frynas, 2005; Idemudia, 2011).

In addition, despite the significance nature of CSR in developing countries, limited discussion is evident in the literature of CSR and corporate social performance with reference to social performance outcome of oil companies in Nigeria. Thus, this research aims to fill this gap left behind in the CSR, stakeholder management, and corporate social performance literature of oil companies in Nigeria. Also, this study investigates the attendance influence of CSR measures and corresponding effect on measures of corporate social performance. The present research approach looks at the connection between CSR and CSP, and consequent effect on social performance outcome of MOC in Nigeria.

The literature reviews on the subject area as presented in the earlier chapters provide an indication of the present study investigation regarding the effect of CSR and stakeholder management on corporate social performance of MOC in Nigeria. Similarly, the literature review guides the development of research questions, and provides motivation for understanding of stakeholder management in relation to corporate social performance. Based on significance of CSR in Nigeria oil region and with special concerns for corporate social performance, another question investigates the connection between compliance to industry standards and state of environmental performance.

In addition, this study also investigates the influence of corporate legitimacy on CSR as perceived by the community. Indeed, the study also investigates the influence of corporate legitimacy on community relations. The other closely linked question is the one that investigates the influence of regulatory infractions on environmental performance. This study investigates the influence of CSR initiatives on community relations. It also investigates the influence of CSR initiatives on community perception by MOC in Nigeria. Moreover, mediating effect of environmental performance (EP) between (a) compliance to industry standards (CIS) and (b) regulatory infractions (RI) on social performance outcome investigates. The mediating effect of community relations (CR) between (a) corporate legitimacy (CL) and (b) CSR initiatives (CSRI) on social performance outcome investigates. More specifically, mediating effect of community perception (CP) between (a) corporate legitimacy (CL) and (b) CSR initiatives (CSRI) on social performance outcome also investigates. In fact, the underlying approach employed for the present study is to use all the information collected to provide foundation to investigate the influence of MOC on the host communities and the mechanism for resolving contending social issues which have long prevent smooth working relationships between the MOC and the host communities.

4.3 Research Objectives

To recap, the main objective of this research is to investigate the effect of corporate social responsibility (CSR) and corporate social performance (CSP) on employees and host communities as main stakeholder of MOC in Nigeria based on the underlying research objectives:

The objectives are as presented below;

- To investigate the influence of compliance to industry standards on environmental performance by MOC in Nigeria.
- To investigate the influence of corporate legitimacy on community relations by MOC in Nigeria.
- To investigate the influence of corporate legitimacy on community perception by MOC in Nigeria.
- To investigate the influence of regulatory infractions on environmental performance by MOC in Nigeria.
- To investigate the influence of CSR initiatives on community relations by MOC in Nigeria.
- To investigate the influence of CSR initiatives on community perception by MOC in Nigeria.

4.4 Specifying Models and Hypotheses

The theoretical framework below has reinvigorated CSR beyond conventional meanings. CSR is now within the domains of private-sector development model (PSDM) supported by three theories. The framework has made MOC responsible to the host communities through social involvement, while doing their legitimate business. The inter-relationship among the three theories and the spill-over effects can best be understood as illustrated in conceptual framework in figure 4.1. The framework shows the MOC as a vital segment of the society, because of their significance in the host communities. Despite its primary objective, the corporations may be agents of development as well as adding values to the lives of the host communities through social involvement (i.e. charitable giving to the host communities, investment in human capital development, R&D and innovation, scholarship to the indigent students in the communities etc.) (e.g. Idemudia, 2009; Amaeshi et al., 2006; Frynas, 2010).

The Main Research Theme

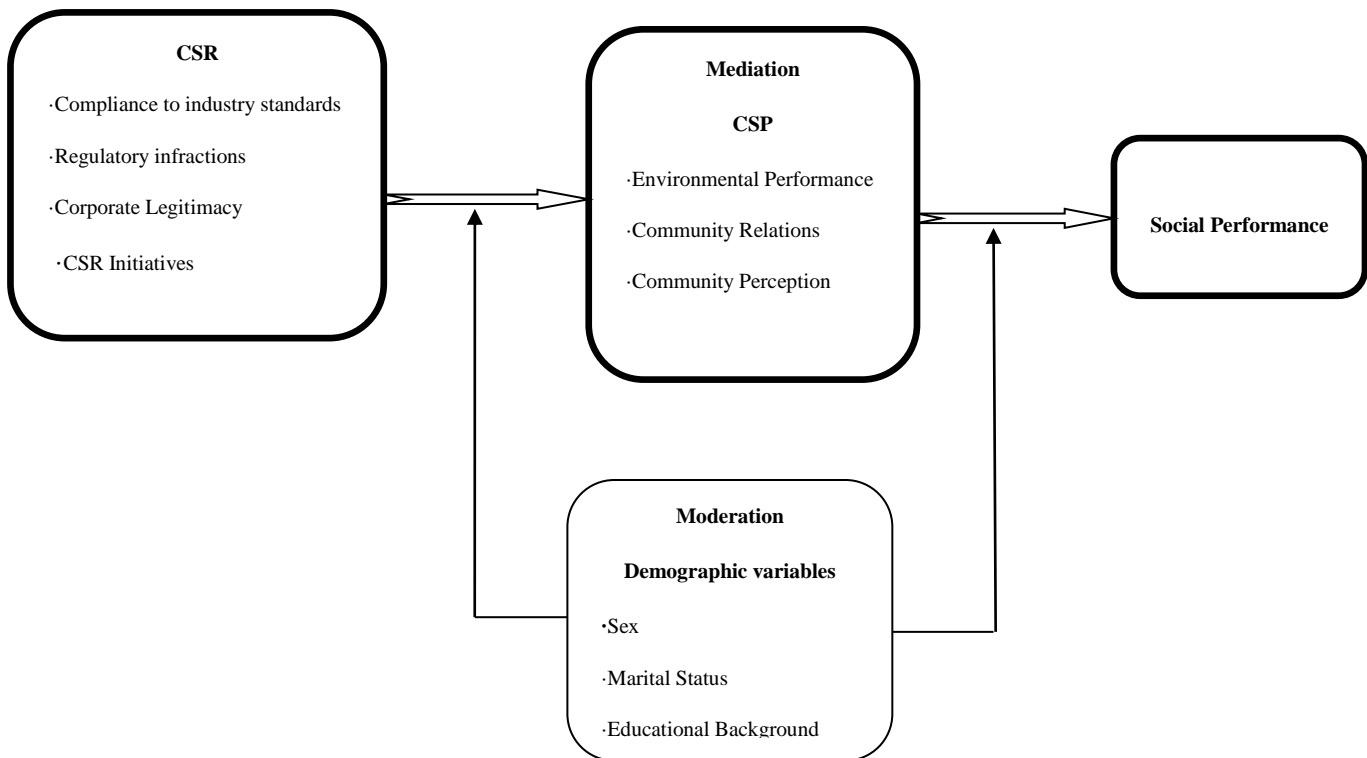


Figure 4.1 Sub -Model of CSR-CSP

The CSR-CSP framework is reflectively designed to operate like input-output model (IOM) (e.g. Donaldson and Preston (1995), the input (CSR) generated by the companies are transformed directly into outputs (social outcome) or via CSP. In the conceptual framework (e.g. fig. 4.1), the inputs are CSR interventions launched by corporations as a support aid for the host communities, while the outputs are the positive effects of the various interventions on the two main stakeholders (i.e. employees and host communities) in Nigeria oil region. The relationship between CSR and CSP as shown in framework (e.g. fig. 4.1) could best be understood within the purview of three salient questions often asked at the stage of formulating policies and strategies for stakeholder engagement: (i) who are the stakeholders? (ii) What do they want? (iii) How are they going to try to get it? (e.g. Frooman, 1999). The ‘who’ is dependent on context, nature of countries and legal framework prevailing in the domain where companies operate. In the context of this research, the, who are the value chain and others. The second

question ‘What do they want?’ is simply a share on the fortune of corporations. The same question has been answered by scholars (Mitchell, 1997; Agle and wood, 1997), with brilliant responses.

The conceptual framework is developed based on supported literature in the present chapter and from understanding of quantitative research (e.g. Turker, 2009b; Ruf et al., 1998). Drawing on previous literatures and this study finding, a conceptual framework within which the proposed model is formulated as indicated in figure 4.1. Based on stakeholder theory (e.g. Freeman, 1984 & 2001), legitimacy theory (e.g. Bitektine, 2011), and social contract theory (Lacey and Lamont, 2014), the framework maintains that CSR activities will improve the relationship between the two main stakeholders (e.g. employees and host communities) towards the social performance outcome of MOC in the oil region.

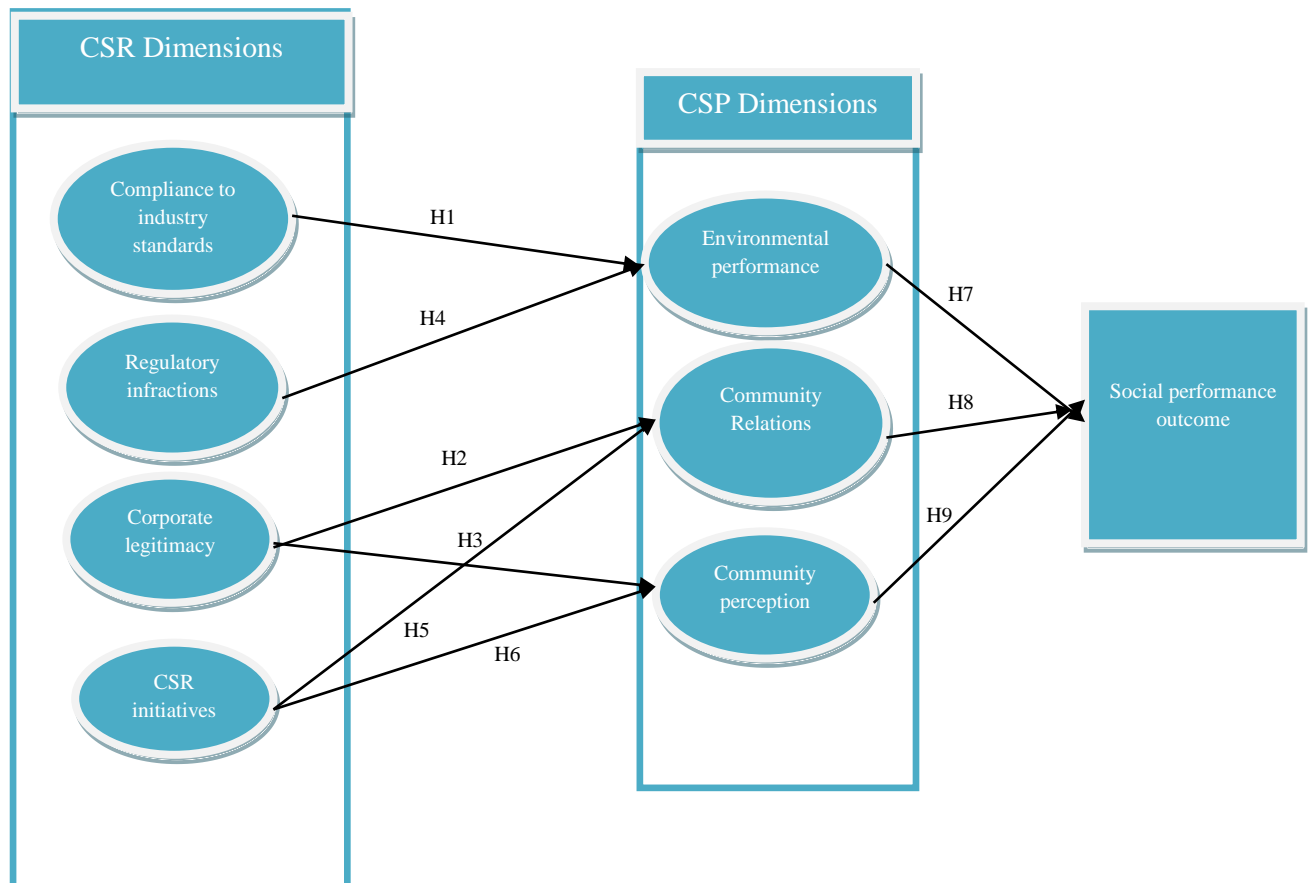


Figure 4.2: Conceptual Model of Relationship between CSR and CSP for the Employees of MOC and Host Communities in Nigeria oil region

Figure 4.2 further specifies each element of the proposed model investigated in this study as well as hypotheses relating to each of the dimension predicts. CSR dimensions (e.g. Compliance to industry standards, corporate legitimacy, regulatory infractions and CSR initiatives) are reflectively designed to influence CSP dimensions (e.g. environmental performance, community relations, and community perception), and CSP dimensions to mediate the relationship between CSR and social performance outcome. Firm's CSR actions towards the stakeholders determine its corporate behavior towards the larger society (e.g. Basu and Palazzo, 2008). Therefore, CSR is modeled as a construct comprised four dimensions: Compliance to industry standards, corporate legitimacy, regulatory infractions and CSR initiatives. If a theoretical model linking CSR dimensions to CSP dimensions were to be established, it will serve as a yardstick for evaluating social performance outcome. The model can then be used to add to the understanding of why and how CSR-CSP is significant to the two main stakeholders (employees and host communities) in Nigeria oil industry.

Consequently, these four dimensions of CSR and three dimensions of CSP will be operationalised and empirically tested reflectively in this research. Based on this, the present study attempts to validate the CSR factors by (i) specifying the mediating role of CSP dimensions linking CSR with social performance outcome (ii) specifying the moderating role of gender, marital status and educational background between study 1 & study 2 (iii) specifying the causal relationships between the exogenous and endogenous variables.

The model specified that CSR consists of four dimensions while CSP consists of three dimensions.

- a. All the dimensions are viewed as combine facets that define the features of the constructs.
- b. Changes in any of the dimensions are not expected to cause changes in constructs.
- c. Changes in CSR/CSP constructs cause changes in dimensions.
- d. All the dimensions share a common theme.

- e. Eliminating a dimension may not necessarily alter the conceptual domain of the constructs.
- f. The dimensions are expected to have the same antecedents and consequences.

In sum, Jarvis et al. (2003) suggested three ways to operationalise construct for obtaining identification: (i) by adding two additional consequences of CSR to the model (ii) by adding two reflective indicators of CSR and (iii) through measurement and structural relations. The construct conceptualization and nature of the indicators used in this research was determined in the questionnaire design stage. Therefore, the measurement model relationships between constructs and its respective indicators were carefully explained in the structural relationships between construct.

This study adopts Jarvis et al. (2003) recommendation in investigation of relationship between CSR-CSP on social performance outcome from perspective of the two main stakeholders (i.e. employees of MOC and host communities) in Nigeria oil industry. Section 4.6 explains the factors that were reflective indicators and they are not causally related to each other (e.g. fig. 4.2).

4.5 Justification for the Present Research Models

Sequence to the development of present research theories, this section provides justification for using the models. The conceptual models in figure 4.1&4.2 shows the relationship between CSR dimensions and corporate social performance (CSP) dimensions, and successive effect on firm social performance outcome. Several studies were earlier conducted on relationship between CSR and CSP of corporations and found to be positive mediating relationship (Carroll, 2000; Farooq et al., 2014; Lin et al., 2012; Ruf et al., 1998). Lin et al. (2012) argue that understanding of CSR as a multi-faceted construct and the need to check for mediating relationships, rather than basic direct impact have led to the development of present study conceptual models.

This research model specifically explores different dimensions of CSR and CSP as antecedents to firm social performance outcome. In addition, the researcher also evaluates the possible mediation of major constructs (i.e. environmental performance,

community relations, and community perception), a subject that is fairly neglected in the context of this research, however, to the best of the researcher's knowledge; previous researchers have emphasized on the need to test firm performance through objective measures, rather than depending on perceptions (e.g. Delaney and Huselid, 1996; Lin et al., 2012). Carroll (2015 p. 89) observes that 'competing and complementary research framework has been in existence even during King Solomon era and there is nothing new under the sun'. As such, this has not prevented the continued emergence, particularly among the academics and business practitioners of new terms, concepts or frameworks to capture the essence of business- and –society relationships or business responsibilities toward society and stakeholders of which this research is not an exception (Carroll, 2015 p.89).

Furthermore, the actions of the firms towards others reflect how the corporation interprets its relationships with stakeholders and its responsibilities to the broader society, in this case, employees of MOC and the host communities (e.g. Basu and Palazzo, 2008). The present research model provides understandings of why corporations act in a particular way, and differences that exist among firms as a result of dominant modes of justifying firm's actions (e.g. Busa and Palazzo, 2008; Thomson, 2011). The models provide indication on how firm influence their way of thinking about an issue that has direct bearing on the organization. Ghoshal and Moran (1996) cited that corporate action could be justified using transaction cost theory; indeed, distrust in human nature, might lead to self-fulfilling prophecy and this subsequently determines the way an organization goes about strategizing on future social-related issues. This research models signal the overall language game that characterizes MOC on how it sieves the perceptions of outsiders, interprets conflict, and formulates reactions to demands (e.g. Basu and Palazzo, 2008). Earlier authors argue that conflict between multinational oil firms and the host communities in the oil region was because of contradictory in the demands imitated by the host communities and insincerity on the part of the MOC operating in oil region (e.g. Frynas, 2005; Eweje, 2006b; Idemudia and Ite, 2006).

As a result, the proposed conceptual framework illustrated in figure 4.2 shows that CSR comprises four dimensions: Compliance to industry standards (CIS), corporate legitimacy (CL), regulatory infractions (RI), and CSR initiatives (CSRI) indicators, meanwhile, CSP includes three dimensions: environmental performance (EP), community relations (CR), and community perception (CP). The present research models of relationship between corporate social responsibility (CSR) and corporate social performance (CSP) is one out of many models that explain corporate behavior in business (e.g. Thomson, 2011).

This study models are reflection and discussion of the effect of CSR on corporate social behaviour of MOC in Nigeria. While analyzing the relationship between CSR and CSP, the models present the sequence of the events that link CSR actions of MOC with the response of stakeholder (i.e. employees of MOC, and host communities) and the corresponding effect on firm's social performance outcome (e.g. Schuler and Cording, 2006). However, the hypothesized relationship between exogenous and endogenous variables specified in the model (see figure 4.2) provides justifications for the existence of relationship between CSR-CSP regarding social performance outcome of MOC in Nigeria.

4.5.1 Corporate Responsibility (CSR) and Corporate Social Performance (CSP) Dimensions

Based on the generic CSR and CSP regarding social performance outcome that the present research expresses in relations to this study findings, CSR and CSP scales comprises 47 items, representing the perceived role of social responsibility and social performance measures in Nigeria oil industry. CSR consists of compliance to industry standards (CIS), CSR initiatives CSRI), corporate legitimacy (CL), and regulatory infractions (RI). Meanwhile, CSP consists of community relations (CR), environmental performance (EP), and community perception (CP). As a result, the next sections refer to these parts as the dimensions of the CSR and CSP constructs.

4.5.1.1 Compliance to Industry Standards (CIS)

The first dimension of CSR is compliance to industry standards; this dimension measures the level at which MOC in Nigeria adhere to prevailing law as stipulated by

their parent companies. Thus, the weakness of this dimension is that it may be difficult to superimpose global CSR standards across organisations and contexts due to the probable differences in stakeholders and context-specific requirements (Hussein, 2010). Considering this weakness, this research argues that compliance to industry standards should be in conjunction with context specific requirement. Hence, when managers' orientation towards compliance to industry standards are based on context-specific requirements, then, CSR changes from being adherence to law of their parent companies but mixed of parent offices requirements with context-specific requirements. Most management practitioners have realised that CSR is not only an alternative means of increasing profitability in short run, but as a way of guarantee company efficiency in the long-run (e.g. Aupperle et al., 1985). However, this research affirms that by including this dimension as part of firm, CSR may likely increase the confidence that host communities has on oil firms when implementing CSR initiatives strategy.

4.5.1.2 Corporate Social Responsibility Initiatives (CSRI)

The second dimension of CSR is CSR initiatives; this dimension measures the effectiveness of CSR initiatives of MOC to the host community in term of expectations in the oil region. Thus, good CSR initiatives by MOC in relation to the host communities may be an antidote for enhancing the relationship between the corporations and the member of the community. Similarly, corporations are assumed to be responsible for most of the poverty and inequality around the world (e.g. Renouard and Lado, 2012). There is also an argument that CSR has a considerable effect on people's lives in developing countries particularly in Nigeria. Also, a popular sentiment has emerged that CSR initiatives have direct impact on people's lives in the industrialised, developed countries, particularly in Europe and North America based on the facilities that people enjoy in terms of income and wealth from shares, pensions and savings, job security, and inevitable redundancy during the economic recession (e.g. Renouard and Lado, 2012).

Based on the foregoing discussion, the salient fact is that CSR is now a universally recognised concept by corporations. This is because business now behaves beyond the rules and regulations. They now incorporate society when formulating their corporate

objectives (e.g. Rosnan et al., 2013). CSR initiatives of corporations are based on what the stakeholders perceive to be appropriate CSR activities at a particular point in time. For example, as earlier discussed in the previous chapter, corporations might think that their community will be satisfied, when adequate provision is made in term of the infrastructural facilities to the communities. Contrarily, the communities might feel differently. Communities might not be satisfied, if what is provided by the corporations in term of CSR initiatives falls short of their expectations.

4.5.1.3 Corporate Legitimacy (CL)

The third dimension of CSR is corporate legitimacy; this dimension measures the relationship between firm CSR strategy and corporate legitimacy. The degree of divergence of firm's performance from societal expectations with respect to any issue impacts the firm's reputation and legitimacy (Zyglidopoulos, 2003). Also, the legitimacy confers on the MOC mostly determined by the sensitivity of the corporations to the needs and expectations of the host communities. The Department of Petroleum Resources, and Nigeria National Petroleum Corporation (NNPC), recognise the contributions of the MOC towards the host communities in term of CSR initiatives (NNPC, 2014).

The objective of CSR initiatives varies greatly among corporations, and CSR activities mostly depend on company's characteristic. For instance, MOC in Nigeria are the initiator of CSR activities particularly in Niger-Delta region, simply because they want their presence to be felt within the host communities where oil companies conduct their operation. This effort has indirectly increase MOC legitimate power because of their size, and CSR contributions to the communities, to the extent that rarely did Nigerian government provide any developmental project in the oil region without engaging the oil companies in such developmental effort. But, host communities sometimes do level common allegation against corporations regarding their corporate legitimacy.

Most of the communities posit that MOC occasionally engage in abuse of human rights. These protests were against sexual abuse, military oppression that was infringed on the rights of the people of the region, Ken-Saro Wiwa and other prominent Ogoni leaders that were executed in 1993 and denial of freedom of speech (Ojakorotu and Whetho, no

date). Overall, if MOC want to be productive, particularly in the long-run, the social welfare of the host communities need to be incorporated into their corporate objective, for instance, the communities around oil companies' operations should be carried along whenever corporation is about to initiate CSR programme for the host communities.

4.5.1.4 Regulatory Infractions (RI)

The fourth dimension of CSR is regulatory infractions. This dimension measures the level of violations regarding the operating standards of MOC in Nigeria as compared to what is in operation in the Western countries. However, compliance to rules and regulations beyond the legal and ethical code of conduct pay-off to the MOC, particularly those that operates in a turbulent Nigeria oil region. Regulatory infraction is one of the key issues in evaluating CSR dimensionality. This dimension is one of the main issues bothering on the effectiveness of CSR performance of MOC in the oil region. Moreover, this dimension provokes some of the stakeholders in the oil industry because of the allegations against the MOC of their inability to adhere to the law that guiding standards operating procedure in Nigeria oil industry. For example, 'serious social engagement by MOC was triggered by a pressure group campaign against it, a process illustrated by the impact of the 1995 Brent Spar and Nigeria crises on Shell's conversion to CSR' (Frynas, 2005 p. 586). At times, community protests in Nigeria oil region have halted oil operations and this is because developmental projects are occasionally initiated as a way of pacifying the local communities, so that oil firms could continue their commercial operations (e.g. Frynas, 2005).

This allegation of regulatory infraction by MOC sometimes generates different reactions from the stakeholder in Nigeria oil region. Some of the stakeholders argue that it is the responsibility of the government to regulate the activities of the MOC. But, due to overwhelming state of corruption, poverty, and insincerity on the part of Nigeria government official, many MOCs are encouraged to get away with such unethical practices. For instance, 'the deep-rooted corruption in the downstream sector of Nigeria's oil and gas industry has been the subject of international probe, as a Swiss non-governmental organisation, the Berne Declaration, has indicted Nigeria oil

marketing companies for widespread subsidy fraud, involving several billions of dollars' (Ejiofor, 2013).

In the same vein, 'Swiss Traders' Opaque Deals in Nigeria' also accused the Nigerian National Petroleum Corporation (NNPC) of colluding with international oil traders to defraud the country (Ejiofor, 2013). This thesis has found that regulatory infraction by MOC affects the well-being of the people in the oil region, because the livelihood of the people has been contaminated (e.g. environmental pollution) due to the insincerity on the part of MOC and the Nigeria government official to come to term on the issue that affect the wellbeing of the people in the oil region. Therefore, the present circumstances demand a different response, and such response could relate to regulatory infractions ideal of CSR dimension.

4.5.1.5 Environmental Performance (EP)

The first dimension of CSP is environmental performance; this dimension has to do with effective management of natural environment in relation to stakeholders' interests. Often time, some MOC do misuse the natural environment to the detriment of the host communities. Besides, the role of environmental factors in Niger-Delta conflict can only be understood in terms of being an immediate cause (Ite, 2004). Most oil companies operating in Nigeria are guilty of misuse of the environment. The establishment of Clean Nigeria Association (CNA), thought rather late in coming, but was a major step towards meeting the hazards of environmental damage arising from oil industry operation (Okogu, 1994). Thus, the central argument is that oil companies are involved in activities that lead to environmental deprivation and loss of bio-diversity.

The result of environmental degradation and refusal to address the plight of the Niger-Delta triggered off various endless agitations (Omadjohwoefe, 2011). Occasionally, the Nigeria government put in place other institutional measures of violent repression in order to silence the communities from agitating for equitable and just distribution of the oil revenue derived from the oil region. For instance, the ruling class or state managers at the draining end warships sometimes empowered the entire division of the Nigerian Army to wipe out any community that agitate for the under-development problem in the oil region (Omadjohwoefe, 2011). Related example is the genocide committed in Odi,

Ogoni land in 1993, Gbaramatu ethnocide of 2009, etc. by Joint Task force (JTF) in Nigeria. Based on these present situations, there is evidence that the stakeholders will eventually justify the implication of environmental problem to the survival or otherwise in the operation of MOC in Nigeria oil region.

4.5.1.6 Community Relations (CR)

The second dimension of CSP is community a relation, this dimension attests to the significance of community relations to social performance outcome of MOC in Nigeria oil region, when MOC implement social activities towards the host communities. This may likely increase both operational efficiency and competitive advantages, which in turn, lead to short term profitability and positive market evaluations of future profitability (Inoue and Lee, 2011). Sequence to this, most of the oil companies in Nigeria, particularly MOC published their CSR initiatives in their monthly bulletin, in order to justify their social involvement to the communities in the oil region. For instance, in pursuance of good community relations, Shell Nigeria provides community development programmes in the forms of micro credit scheme and health scheme. Twenty-seven clinics, education for young children, provision of scholarship to over 17, 000 children (SPDC, 2011). Exxon-Mobil Nigeria provides Graduate Assistance Program (GAP) to make the graduates of the communities' employable, entrepreneurial capacity for unemployed graduates within the host communities, communication and technology (ICT) skills, and enterprise development training etc. (Exxon-MPN, 2014).

The focus of MOC in term of community relations varies greatly, and mostly depends on the company characteristic. However, Nigeria government often time appreciate some of the oil companies that are community friendly by encouraging them to do more to their host communities. This dimension encourages MOC to take advantage of their CSR initiatives by exerting their influence to extract resources and people's land claiming that the corporation intends to use them for developmental project (e.g. hospital, roads, or school) for which they pay low compensation to the local people. Besides, great amount of money and time may be spent by MOC via good community relations dimension indirectly in pursuance of the corporation objective. Many MOC in Nigeria have used CSR agenda for the benefits of the corporation and at the same time

provide some welfare package that benefited the host communities. As a result, the MOC like Shell Nigeria, Exxon-Mobil, Total Nigeria, and Chevron Nigeria have incorporated CSR initiatives strategy into their corporate objective to foster firms' social performance outcome. Nonetheless, moving beyond the discussion of (Ruf et al., 1998), this study reveals that community relations dimension enhances the community welfare despite its short comings. The perceptions of the stakeholders in Nigeria oil industry have a lot of impact on how the relationship between the oil companies and the host communities are managed.

4.5.1.7 Community Perception (CP)

The last dimension of CSP is community perception. The relationship between MOC and host communities in terms of their expectation from oil companies determines their social performance outcome in Nigeria oil industry. Moreover, Nigeria government also encourage the MOC to build cordial relationship with the host community. But, community developmental efforts of MOC and the government mostly based on chance, un-coordinated and ad hoc as oppose to being carefully coordinated (Idemudia, 2014). Stakeholders in Nigeria oil industry see corporate reputation as the key driver for promoting and incorporating social initiatives in their corporate objective. Corporate image and reputation serve as a yardstick for corporate change towards the effective implementation of CSR activities that aligns with the expectation of the host communities.

This research is of the view that community perception dimension is one of the driver of social performance outcome. In fact, incorporating social value into corporate objective of the corporations may enhance the firm competitive strategy. Majority of the oil companies in Nigeria embraced the communities' values into some of their corporate strategies, but the uncoordinated approach adopted weaken its effectiveness. For instance, there are numerous incidences of project duplication and ineffective allocation of developmental resources as the case of the teachers in Inua Eyet Ikot who were paid by the government, as well as Exxon-Mobil (Idemudia, 2014). Other example is the establishment of a rice farm in Mbiabet Ikot Ikpe by Niger-Delta Development Commission (NDDC), while the Akwa- Ibom Rice Farm established by Exxon-Mobil

and Akwa -Ibom state government is yet to fully take off after 5 years. Therefore, this might result into a situation where Akwa -Ibom State will end up with two inefficient and poorly funded rice farms, which could have been avoided, if there were coordinated efforts among the State government, NDDC, and Exxon-Mobil (Idemudia, 2014).

Clearly conceptualisation of CSR with four dimensions (compliance to industry standards, CSR initiatives, corporate legitimacy, and regulatory infractions) and CSP with three dimensions (community relations, environmental performance, and community perception) provides the basis for the operationalization process for the two constructs via social performance outcome.

4.5.2 Compliance to Industry Standards and Environmental Performance

Recently, firms are held responsible for their environmental actions, due to the growing number of laws, regulations, and penalties that were in place in firm's area of operations (Henri and Joureaux, 2008). Undoubtedly, corporations are now expected to measure, control and disclose their environmental performance activities. As a result, setting additional policy criteria have now become important for the firm existence (Bergquist, et al., 2013). For example, control policy for pollution needs a strong effort for emission reductions, at the same time, firm must consider the cost of compliance for those affected by the policy, when allocating part of the firm limited resources to solve the environmental issues (Henri and Joureaux, 2008), the cost of reducing the risks poses by environmental actions and measure of this reduction must be readily available to the firm.

In the present study, compliance to industry standards (CIS) predicts environmental performance by MOC operations in Nigeria. This choice is motivated by numerous studies in CSR literature that have previously investigated those two aspects of CSR and CSP dimensions (e.g. DeArmond et al., 2011; Turker, 2009b). Specifically, the significance of measurement and indicators constitute major dimensions of any CSR and CSP construct. Consequently, this study model indicates that compliance to industry standards (CIS) is a predictor of environmental performance (EP), based on the fact that if the compliance level by MOC in term of adherence to the rules and regulations as

stipulated in the industry code of conduct is high, the implication is that firms rating on environmental performance actions will receive favorable commendation from member of the public.

4.5.3 Corporate Legitimacy, Community Relations, and Community perception

Organization legitimacy has now become prominent issue regarding the stakeholders' perception of the role of business in the society (Elanor, 2013). Moreover, the emergence of new ethical expectations by the stakeholder from the firm regarding a set of necessary social responsibilities expected of corporation in the society (Elanor, 2013; Moreno and Capriotti, 2009), however, increase the need for legitimacy of an organization in the community. The ongoing legitimacy conflicts are relatively depending on the respective field of the corporation, and the potential challengers to the established legitimacy ordering (Miller, 2008). Firms that operate across different communities are likely to be aware of the divergent legitimacy contests, since some of these contests differ between communities (Miller, 2008), and subject to differences on issue that are of interest to different communities. Corporate legitimacy mostly applies to firms that operate globally (Elanor, 2013), where standards of production as well as labour regulations, often fail to constraints their behaviours and leave them with the responsibility to regulate their production process. Nevertheless, community is now demanding that the corporations should justify and become legitimate, not only in their economic actions (Elanor, 2013), but also social and environmental actions in general.

Due to the existence of the firms within different communities, corporations must be aware of the needs to conform to legitimacy norms across the different communities in order to moderate the cost of providing fixed set of benefits (e.g. Miller, 2008), specifically, for broader range of explanations about the benefits provided. For instance, attempt to smooth the relationship between business and society has led to the creation of a new form of corporate legitimacy (Elanor, 2013). The implication is that it will enable businesses to open a dialogue in society. More importantly, for corporation to be perceived as socially responsible firms there must be match between what the companies provide and stakeholders' expectation.

In the present research, corporate legitimacy is defined as a predictor of both community relations and community perception. However, the quality of prediction between corporate legitimacy and community relations in term of correlation is the assessment of the congruence of value which begin with main actors and social performance outcome of MOC in Nigeria. In addition, the legitimacy accorded firm will be high, if corporation come to term with needs and expectations of the host communities. More importantly, the legitimate right of the firm will increase in accordance to the benefit that accrues to the host communities from firm's operations around the community. On the other hand, corporate legitimacy (CL) as a predictor of community perception (CP) indicates that legitimacy of corporation will be enhanced, if the expectations of the host communities fall within what the firm's provided in return for using communities' facilities (i.e. land, airspace, and natural resources, and labour). The implication is that popularity of the firm will be high and cordial relationship between MOC and the host communities will improve, and subsequently translate into good corporate social performance outcome.

4.5.4 Regulatory Infractions and Environmental Performance

The country regulatory environment is a combination of firm's external environment made-up of legal and political forces which are in place to change regulations has a major influence on the activities of MOC in Nigeria (Adomako and Danso, 2014; Chiles et al., 2007). However, highly institutionalized environment spurs more challenges for firms operating in such environment. Besides, by enacting anti-pollution laws is one of the first steps to secure compliance with direct environmental regulations (Telle, 2009). The existence of the effective monitoring and enforceable policies is fundamental to attainment of required environmental standards. Consequently, Gouldson ET al. (2015 p. 284) argues on the 'opportunity to improve regulatory outcomes and industrial performance and to promote convergence towards the best standards'. Accordingly, US is where 'worst first' approach has been adopted by regulators that focus effort on the worst performing states. But some of these signs were not in EU, and this signifies lack of convergence or harmonization of outcomes in the EU (pp. 283-284).

Moreover, regulatory environment is a combination of a significant component required to ensure that there is growth and development in Nigeria oil industry (e.g. Adomako and Danso, 2014; Idemudia and Ite, 2006). Despite the growing body of scholarly literature on CSR activities of oil companies in Nigeria, little is known about the regulatory infractions as a predictor of environmental performance in this research context. Thus, the present research model shows that reduction in the level of violation by MOC will lead to improve their environmental performance actions and vice versa. As a result, increase or decrease in violation to the rules and regulations of the host county will determine firm's environmental performance actions.

4.5.5 CSR Initiatives, Community Relations, and Community Perception

The argument of CSR initiatives is that business corporation serves the community that represent diverse group of stakeholders in which employees of MOC and the host communities are part. This study model sees CSR initiatives as a predictor of community relations and community perception because it shows that corporation's CSR initiatives towards its stakeholder, particularly, employees of MOC and the host communities (e.g. Liu et al., 2013), who reside within the area where the companies operates, provides the firm the opportunity to gain access to information, social influence and community solidarity. Positive CSR initiatives serve as a tool of sustaining community relations and perception within the host communities (Idemudia and Ite, 2006). The present research predicts that when communities' relationship and perception by the firm are effective in term CSR initiatives of the corporation (Vlachos et al., 2014), it will lead to positive relations and favourable perception from the host communities. For instance, if CSR initiatives of a corporation is seen as central, distinctive and enduring and in line with corporation level of attribute, this will lead to a more attractive relationship, and perceived corporate identity which can help the employees of MOC and the communities resolve their identity conflict of the corporation in term of its corporate social performance outcome.

Despite the extensive studies of CSR, little theoretical work has been done to provide a clear picture of the relationship between CSR initiative and community relations; CSR initiatives and community perception undertaken by various approaches in CSR

literature. The present study envisages a positive relationship between CSRI and CR, CSRI and CP, hence, to understand the relationship between CSR and CSP of MOC in Nigeria and the corresponding effect on firm social performance outcome. Therefore, CSR initiatives of the firm should be in alliance with perceived societal expectation (Basu and Palazzo, 2008). CSR initiatives (CSRI) as a predictor of Community relations (CR) and Community perception predict that if the firm CSR initiatives aligns with the expectation of the communities, the implication is that firms' relationship with the host communities will be cordial, specifically, firms will receive favorable perception from the host communities.

The relationship between CSR-CSP is of two critical variables (i.e. information characteristics and decision processes), however, firm's CSR initiatives is a function of the choices made by the stakeholder in this case, employees of oil firm and the host communities (Schuler and Cording, 2006). For instance, the decision by the host communities on whether to patronize or to criticize or praise MOC for its social behaviors (e.g. Schuler and Cording, 2006), is based on its key information input for CSP outcome. Meanwhile, modern theories of rational choices emphasize on knowledge, preferences, and decision rules particularly on how alternative are evaluated. The three theories (i.e. stakeholder, legitimacy, and social contract theories) used in this study provide a foundation for building the model of relationship between CSR and CSP as presented in figure 4.2. Specifically, the model assumes that all stakeholders have similar reactions to firm corporate social performance outcome.

Furthermore, the model in figure 4.2 shows that positive relationship between CSR and CSP can be achieved, if there is positive and direct effect of relationship between compliance to industry standards and environmental performance, corporate legitimacy and community relations, corporate legitimacy and community perception, regulatory infractions and environmental performance, CSR initiatives and community relations, CSR initiatives and community perception regarding social performance outcome of MOC in Nigeria. Also, environmental performance must be able to mediate between compliance to industry standards and social performance, regulatory infractions and social performance. Community relations must be able to mediate between corporate

legitimacy and social performance, CSR initiatives and social performance outcome; likewise, community perception must be able to mediate between corporate legitimacy and social performance, CSR initiatives and social performance outcome.

The mediating effect of environmental performance between compliance to industry standards and social performance, regulatory infractions and social performance outcome must be significant before it can serve as a potential mediator (i.e. Indirect significant relationship must exist). Likewise, mediating effect of community relations between corporate legitimacy and social performance, CSR initiatives and social performance outcome must be significant, in order to serve as a potential mediator (indirect significant relationship must exist). Also, community perception must have indirect effect between corporate legitimacy and social performance, CSR initiatives and social performance outcome for significant relationship to exist, and all the mediating variables must be able to absorb some of the direct effect. As a result, the present research models postulate that for environmental performance (EP), community relations (CR) and community perception (CP) to serve as a potential mediator, the indirect effect between the independent and dependent variables must be significant (e.g. Zhao et al., 2010).

In all, the present research model indicates that there is a direct relationship between compliance to industry standards (CIS) and environmental performance (EP), regulatory infractions (RI) and environmental performance (EP), corporate legitimacy (CL) and community relations (CR), CSR initiatives (CSRI) and community relations (CR), corporate legitimacy (CL) and community perception (CP), CSR initiatives (CSRI) and community perception (CP), environmental performance (EP) and social performance (SP), community relations (CR) and social performance (SP), community perception (CP) and social Performance (SP). However, environmental performance (EP) mediates between compliance to industry standards (CIS) and social performance (SP), environmental performance (EP) mediates the relationship between regulatory infractions (RI) and social performance, likewise, community relations (CR) mediates the relationship between corporate legitimacy (CL) and social performance (SP), community relations mediates the relationship between CSR initiatives (CSRI) and

social performance (SP), in addition, community perception (CP) mediates the relationship between corporate legitimacy (CL) and social performance (SP), community perception (CP) mediates the relationship between CSR initiatives (CSRI) and social performance (SP). More specifically, this research model provides an insight into the dynamics link relationship between CSR and CSP of the employees of MOC and the host communities in this research context.

Moreover, clarity of this study conceptual framework for CSR and CSP measurement are well established (e.g. Agudo-Valiente et al., 2012), precisely, availability of good quality data that make the models fit with the observed data provided. This research model shows how the understanding of firm's CSR measures affect certain aspects of CSP decision (e.g. Basu and Palazzo, 2008), specifically the questions regarding firm's linking characteristics about CSR strategies. Clearly, understanding firm's position in term of its relationship with the stakeholders, particularly employees of the MOC and the representatives of the host communities can strengthen CSR activities of MOC in Nigeria oil region.

Table 4.1 Conceptual Trend in CSR Theories

Focus	1950- 1960	19990-2000	2000-2010	2011 – 2018
Level of Analysis	Macro-social	Organization	Long-run self-interest	Public relations Image maker Declarative in nature and self-laudatory
Theoretical Orientation	Ethical/Obligation	Managerial	Public image	Core of business An attempt to elicit legitimacy from society. An attempt to alleviate public concern.
Ethical Orientation	Explicit	Implicit	Collectivism and power	Increase in global economies. Respond to pressures for global integration and local

				responsiveness.
Relationship between CSR & CFP	Exclusion/No Discussion	Tight coupling	CSR employed for commercial objectives	CSR as tool for competitive advantage Greater economic activity, the more CSR project.

Source: Adapted from Abukari and Hamid (2018); Gatti et al. (2018); Kumar and Tiwari (2011); Lee (2008).

In Table 4.1, the evolution and trends of CSR theories provide an indication that previous research examined the nature of CSR and extent of CSR disclosure. Thus, earlier research of CSR focused more on developed countries (Hackston and Milne, 1996), with little attention paid to examining CSR in developing or emerging countries (Jamali, 2008). Albeit, previous authors of CSR in Nigeria have indicated that research in this area is at the lowest ebbs (Idemudia, 2009; Idemudia and Ite, 2006). Moreover, in the last two years (Kumar and Tiwari, 2011), top business ethics and corporate journal have given ample attention to CSR. Scholars now described CSR as a motherhood issue (e.g. Ryan, 2002; Taneja et al., 2011), and talk of the town among research community.

Frynas (2005 & 2010) suggest that CSR is still at the infancy stage, therefore require urgent attention, longitudinal studies of CSR in developing countries may reveal macro and micro levels of economic development in a country (Tsang, 1998). Based on the above discussion, present research is focused on CSR in developing country which informed by the comments of (Idemidia and Ite, 2006).

4.6 Theories underpinning Hypotheses Development

This section provides the outline of the theoretical constructs underlying the alternative interpretations of this study, however, there is no universally agreed-upon rationale behind the chosen theories, and however, stakeholder, legitimacy and social contract theories assist in the development of this research hypothesis.

4.6.1 Stakeholder Theory (SHT)

In this section, the aim is to provide an overview of stakeholder theory regarding environmental performance of MOC in Nigeria (see Hennchen, 2015; Orogun, 2010; Sarkis, et al., 2010). Thus, there are numerous stakeholders that compete with firm resources (shareholder, employees, customers, government, and community) (see Freeman, 1984 & 2001; Freeman and Liedtka, 1997; Jamali, 2008). Besides, this study investigation is based on the examination of relationship between compliance to industry standards and environmental performance by MOC. In addition, investigation of the relationship between regulatory infraction by MOC and effect on environmental performance is also investigated. An organization is expected to manage stakeholder interests across increasingly permeable organisations boundaries and acknowledge a duty of care towards traditional interest groups, as well as other stakeholders such as local community and the environment (Carroll, 1979; Freeman. 1984; Simmons, 2004).

Stakeholder theory arose as a resistance to the priority given to the shareholders under Reagan and Thatcher administrations. Cooper (2013) however points out that the relationship between Thatcher and Reagan's was undoubtedly special, but it is important by stating the extent of commonality and agreement between their administrations' policies. Thus, both administrations encouraged the transfer of management of the economy from the state to private organisations. Stakeholder theory predicts that managers perform CSR to oblige to the moral, ethical, and social duties for stakeholders and strategically achieve corporate goal for the shareholders (Carroll, 1979; Maretno and Harjoto, 2012). The notion of stakeholder management contributes to successful economic performance and widely believed (and not patently inaccurate), is insufficient to stand alone as a basis for stakeholder theory (Donaldson and Preston, 1995).

Some scholars were of the view that stakeholder management might be casually related to the corporate social performance because of normative argument in support of stakeholder view (e.g. Donaldson and Preston 1995; Graves and Waddock, 1994; Maretno and Harjoto, 2012). Moreover, stakeholder theory has become a central discussion point in management, as well as in the field of managerial practice (Antonacopoulou and Meric, 2005). The swift development of the key concepts opposed

in this ‘theoretically declared’ corpus can be explained with their apparent obviousness that could facilitate their acceptance in both academic and professional world (p. 22). Therefore, the theory means many things to different people and it evokes praise or scorn from a wide variety of scholars and practitioners of myriad academic disciplines and backgrounds (Phillips et al., 2003). Meanwhile, one of the stakeholder theory’s greatest strengths, is also one of its most prominent theoretical liabilities as a topic of reasoned discourse.

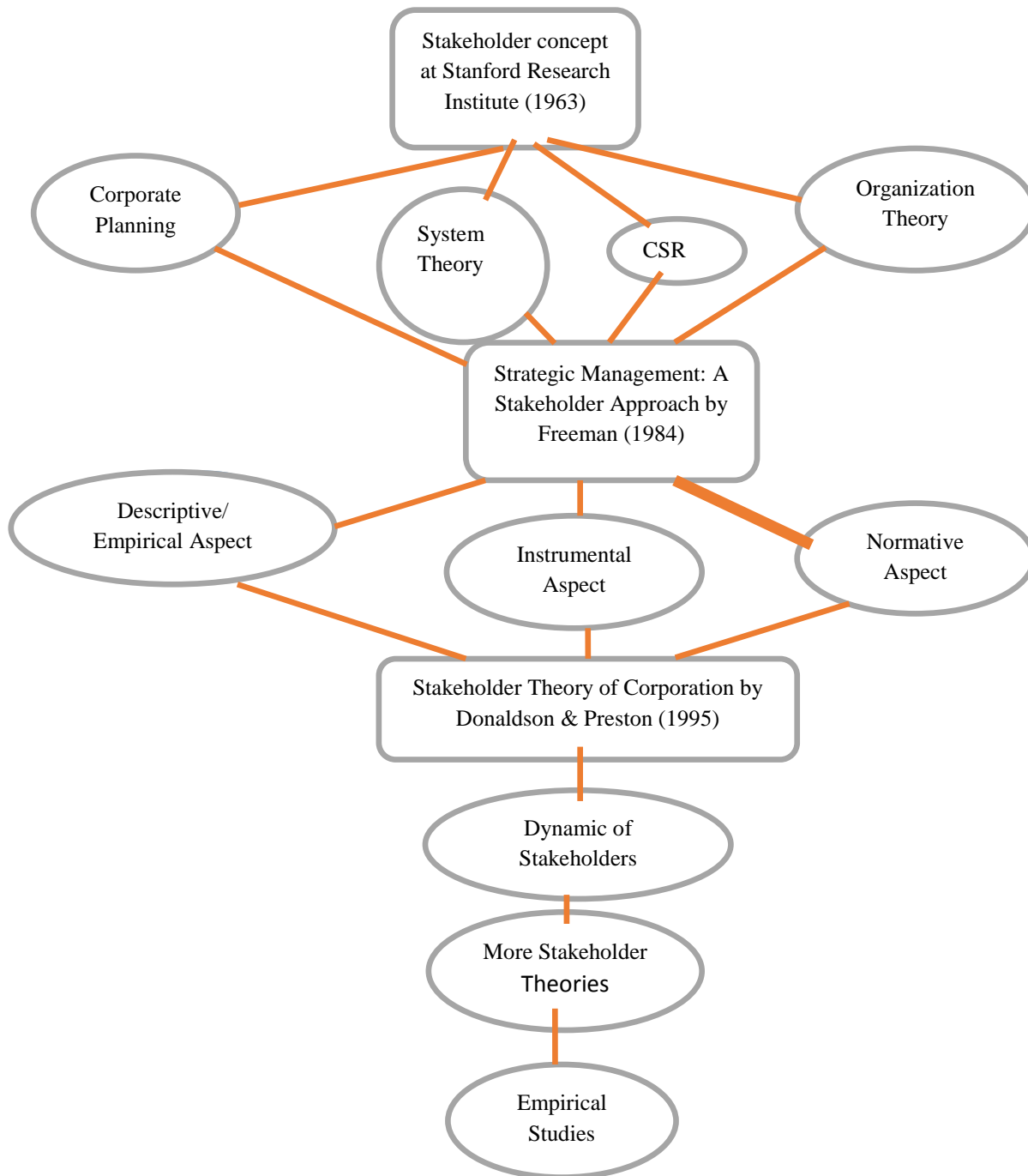
Cochram and Wood (1984) affirm that the ability of the firm to manage effectively and efficiently the demands and expectations of the stakeholder are the key point of its performance. In fact, firm that maintains good relationship with their stakeholders could gain competitive advantage over firms that failed to accede to the request of the stakeholder (Jones, 1995; Murray and Vogel, 1997; Simmons, 2004). In a related development, Donaldson and Preston (1995) stress that normative approach to stakeholder focus on narrative accounts of moral behavior and philosophical guidelines for the operation and management of stakeholder. This view is more concern about the acceptance of stakeholder as a persons or groups with legitimate interests in procedural and/ or substantive aspects of the corporate activity

4.6.1.1 Linking Stakeholder Theory and Present Research on CSR

The origin of ‘stakeholder’ in management literature can be traced back to 1963 when the word appeared in an international memorandum at Stanford Research Institute (Elias et al., 2000 cited in Freeman, 1984). However, stakeholder development has been in place for decade in management literature. The concept has been further categorized into different disciplines. Stakeholder concept diversified into various fields, and the concept has become developed in such a way that it has contributed a lot to the literature. The descriptive, instrumental and normative aspects have been introduced into the literature. Also, the concept has gain a lot of popularity in management disciplines and its doctrine has been entrenched in most of the daily activities of management and thinking (see Mitchell et al., 1997; Donaldson and Preston, 1995). Thus, it has since combined the three aspects and proclaimed them as a stakeholder theory of corporation.

Effective stakeholder management is essential for sustaining and enhancing wealth creation capacity of the corporation (Post et al., 2002). At the same time, appropriate management of stakeholder theory serves as a source of competitive advantage (Jones, 1995). Though, contracts between organizations and stakeholders rested on trust and cooperation, as such, it will require less effort for monitoring and enforcing such contracts. Therefore, the essential thing regarding stakeholder theory is identification that can reliably separate stakeholders from non-stakeholder (Mitchell et al., 1997). Similarly, to demonstrate creditable environmental performance (Brammer et al., 2006), firm must exceed mere compliance with regulatory constraints and it is essential to consider the characteristics of firms' stakeholder environments, including the degree of geographical diversification to lesser extent than the other more discretionary.

Figure 4.3 Map of Stakeholder Theory (Description of Stakeholder Theory).



Source: Elias et al. (2000) 'Linking stakeholder literature and system dynamics: Opportunities for research', *1st International Conference on System Linking in Management*, pp. 174-179.

Figure 4.2 revealed the history of stakeholder theory, in addition, justifies the relevance of the stakeholder theory to this research hypothesis. The conception and subsequent expansion of the stakeholder theory in the management literature as presented in the stakeholder map led to wide spread adoption of the theory by different scholars (see Donaldson and Preston, 1995; Freeman, 2001; Garriga and Mele, 2004; Jamali, 2008). Freeman (1984) also comes up with three level of stakeholder (rational, process and transactional) approach for constructing strategic management. The inclusion of CSR practices by an organization call for incorporating this particular concept in their organizational culture. Managing stakeholder relationship should be the priority of such organization. The map of stakeholder further indicates how CSR was conceived and the place of each stakeholder group in the process of application of CSR initiatives of the firms (Elias et al., 2000).

Environmental performance as it relates to the concept of stakeholder theory argues that there is pressure on the corporation based of the promulgation of various political, social, and economic factors regarding environmental issues over the past view decades (Sarkis et al., 2010), Some of these agitations cause companies to take these issues into greater consideration in their strategic and operational outlooks. Delgado-Ceballos et al. (2012) assert that growing awareness of the negative effects of human activity on the natural environments make corporations to pay more attention to this issue.

Delgado-Ceballos's et al. cited the recent environmental accidents, such as the 2010 BP oil spill in the Gulf of Mexico, which prompted the corporations to act ethically by paying attention to the environment. For example, the recent settlement of £55 million pounds that follow a three-year legal tussle between Shell and 15,600 Nigerians from Ogoni-Land mostly fishermen in a London court further attest to the fact that environmental issue is indispensable (Bala-Gbogbo, 2015). Stakeholder theory is therefore concerned with the relation of the corporations with their environment (Freeman, 1984), because of changing in the social expectations of business corporations (Chen and Roberts, 2010), shareholders are no longer the only consistent group in a firm's environment.

Recently, Delgado-Ceballos et al. (2012) acknowledge that numerous stakeholders influence on corporate environmental behavior in many way ranges from: environmental regulations pass by the government, non-governmental organizations release environmental reports and encourage boycotts, and customers and suppliers apply direct pressure, mass media scrutinize organizational activities on various levels (see Eweje, 2007; Delgado-Ceballos et al., 2011; Idemudia and Ite, 2006). Thus, Eweje (2006a) claims that environmental organizations, company managers and consumers now appreciate the environmental responsibility as a comprehensive approach that includes assessing business product, maximizing efficiency and avoidance of practice that is inimical to the environment. Managers are advised to go beyond ordinary business practices if necessary (Freeman, 1984; Chen and Roberts, 2010). However, stakeholder theory is assumed to be more applicable to studies that explore unexpected social or environmental activities.

Similarly, compliance to industry standards regarding stakeholder theory point to the fact that regulation of corporate behaviour is a combination of other-regulated (i.e. government) and self- regulated (i.e. corporate leadership approaches (Hussein, 2010). Nonetheless, normative stakeholder theory is a viable means of framing corporate behavior (Dawkins, 2014), this is because they are more than simply a means to an end, and stakeholder are entitled to have some input into the matter that affect them. In fact, Winsor (2013) argues that government regulation and voluntary self-regulation may be as defective as markets. Hence, the claim that 'Kantianism theories' is about duties and rights in theoretical social contracts of which participants might negotiate directly (Winsor, 2013 p.1938).

CSR is about decision- making linked to ethical values, compliance with legal requirements, and respect for people, communities, and environment (Hussein, 2010). At times, corporations often present favorable relationships with stakeholders (Dawkins, 2014), the likes of workers and local community, as reason to avoid or abandon labour union. Consequently, the responsibilities of corporate entities emanated from the perspectives of corporate executives (Hussein, 2010). The aim is to ensure that executives commitment to CSR criteria, takes into consideration the well-being of

society. Besides, the extent of location decisions is driven by the ability of MOC to distance their operations from relatively strenuous demands in their home country for investment in communities, employee health and/or environmental protection which might result in geographical diversification by making the international firms being subjected to less, rather than more (Brammer et al., 2006; Simerly and Li, 2000), stakeholder pressure to demonstrate social performance.

Example of good faith represents a moral question that must be answered by classifying conception of honesty Dawkins (2014); Miller (2002) argue further that to determine which moral standards of conduct are reasonable, universal conceptions and broad global standards as distinct from fixed and absolute criteria can exist (Winsor, 2013). Hence, a positive framework may permit all the participants who are part of the development of international policy regimes to propose specific definitions and criteria, legal and ethical standards, public policies, and business strategies and with conditions or restrictions for promoting progress toward human welfare improvement.

Besides, social issues, studies in management have led to an explosion of theoretical development of stakeholder theory (Buchholz and Rosenthal, 2005). Looking at large and evolving literature with a critical eye, we will realize that the concepts of stakeholder, stakeholder model, stakeholder management and stakeholder theory explained and used by various authors in different way and supported with diverse and often contradictory evidence and arguments Donaldson and Preston (1995). Jamali (2008) argues that incorporating stakeholder demands make commercial sense because it allows the firm to maximize the wealth of the shareholders simultaneously along with the stakeholder interest.

Companies are not only managed in the interests of the shareholders alone, but there is a whole range of groups or stakeholders that have legitimate interest in the well-being of the company (Crane and Matten, 2010). Freeman and McVea (2001) argue that the fact behind stakeholder management was to build a framework that will see to the concerns of managers who are faced with series of environmental turbulence and change. Therefore, stakeholder approach was neither assist managers to develop new strategic directions nor helping them abreast of new opportunities considering environmental

challenges. Accordingly, Evan and Freeman (1993 p.79) suggested “two basic principles that serve as working rules, not absolutes, to guide us in addressing some of the foundational issues”. Nonetheless, it might be difficult to settle the thorny issues that the principles raise, but merely argued that the stakeholder theory must be consistent with the principles of corporate rights and corporate effects (Evan and Freeman, 1993).

Mitchell et al. (1997) held that the reality is that managers cannot really attend to all actual or potential claims but recommend that managers should prioritize those claims for effective functioning of the corporations. However, Mitchell et al (1997) interrogate the question of stakeholder salience and stress the degree to which managers give priority to competing stakeholder claims. Thus, obligation to stakeholder claims go beyond the question of stakeholder identification (Mitchell et al., 1997), because of the dynamics inherent in each relationship make the situation more complex which was not adequately explained in the stakeholder framework. The environmental challenges placed some constraint on the ability of managers to develop neither new directions nor helping them abreast of new opportunities (Donaldson and Preston 1995).

Furthermore, stakeholder theory provides opportunity for community engagement strategy, albeit, community engagement is a subset of firm CSR activities that are directed towards individual citizens and community groups (Bowen et al., 2010). At the beginning of the firm’s operation ‘social license to operate’ (community approval to operate that extended beyond legal approvals) is mostly tied to its ability to mitigate the now well-documented socio-economic and environmental risks and impacts of firm operation (Kemp, 2009). Rowe et al. (2014) argue that attempts were made to legitimize corporate community investment by showing a business case for it and reporting on inputs or contributions to the community. Of recent, many of the multinational companies that are passionate with shareholder value have engaged in restructuring programmes in effort to reduce deprecating revenues (Fassin, 2012), forgetting their earlier plan of stakeholder management or promised in their CSR disclosures. Hence, stakeholder theory plays important role in championing the course of CSR.

The standards are mission- driven (Arlinghaus, 2007), with emphasize on continuous improvement. Arlinghaus (2007 p. 69) argues that Standards ensures compliance to underlining philosophy which says that ‘one size does not fit all’. Instead of setting up programs for failure (Thomas and Amadei, 2010), corporations are forced to adherent to the needs of the communities that may not be appropriate in all situations. Moreover, the programs may be appropriate to include the application of facets of other proven development techniques. Accreditation can guide corporations’ development and eventually make them more accountable (Cooper et al. 2014 p. 238), with a ‘higher social impact’. Changes can occur in the corporation through self-assessment, evaluation, dialogue and recommendations.

The program’s mission arises because of compromise (Arlinghaus, 2007), and the need to balance the views of stakeholders. Therefore, this effort must be recognized, supported, and congruent with mission of the corporations. Thomas and Amadei (2007) advocated that the key components of every modern community participatory development models are identification and inclusion of every stakeholder in the community. The essence is to ensure that corporations identifying village or town boundaries (Thomas and Amadei, 2007), or through existing or newly created community leadership organization. There may be increase in performance problems (cooper et al., 2014), because of inability of the corporation to adapt, which may expose corporation to contradictory institutional arrangements, because of dissatisfaction with the existing arrangements. Thomas and Amadei (2007) affirm that most citizens in the developed world, like USA have easy access to clean, safe drinking water, affordable energy, safe food supplies and safe housing. While the less developed countries, like Nigeria, particularly, the oil region are faced with high level of poverty, with energy sources either clean nor without cost to other population.

The hypotheses below further substantiate its significance to the understanding of stakeholder theory for the MOC in Niger-Delta oil region. Therefore, the present research is consistent with stakeholder theory which seeks to provide authors views of what the corporation is doing vis-à-vis its stakeholders, as well as the methods of acceding to the environmental and community request (Brickson, 2007). In the

framework of the stakeholder theory, the following research hypotheses are derived and will be tested after presentation in the context that conform to CSR literature in which they are separately attached.

Hypothesis 1 (H₁) There is a positive relationship between compliance to industry standards and environmental performance by MOC in Nigeria.

Hypothesis 4 (H₄): There is a positive relationship between regulatory infractions and environmental performance by MOC in Nigeria.

4.6.2 Legitimacy Theory (LT)

The oil industry in Nigeria is at the heart of persistent debates around because of lack of respect for the natural environment (i.e. oil drilling controversy in Nigeria or in the Arctic National Wildlife Refuge). Moreover, there is need for these organizations to reduce their carbon footprint notably by developing cleaner and more sustainable energy sources (Roeck and Delobbe, 2012; Frynas, 2005). However, organizational legitimacy, reputation, and status are regarded as key concepts in organizational theory (Bitektine, 2011). Specifically, legitimacy theory posits that CSR is a response to various environmental pressures, including social, political and economic forces. Sethi (1977) found that organizations avoid conflicts and ensure that they operate within the boundaries and norms of their respective societies to earn legitimate right based on their activities.

Legitimacy theory postulates that companies need to perform well, at the same time undertake some of the social responsibility actions for them to continue existence and grow within the community. As a result, corporations may embrace CSR initiatives in order to gain and hold power and legitimacy (see Deegan, 2002; Milne and Patten, 2002). To gain societal acceptance, Roeck and Delobbe (2012) postulate that CSR initiatives are often presented as industry protecting and promoting the natural environment, which often appear absurd, because of the insinuation that this industry is known as one of the largest polluters and legitimacy as a property conferred on an organization by its audiences should be distinguished from legitimating (Bitektine, 2011), in addition, emphasizes on the process of social construction of legitimacy. Also,

the need for distinguishing specific types of legitimacy has been recognized and addressed in the organizational theory and related disciplines.

Likewise, legitimacy theory advocates that managers need to show that often time they comply with the social contract by disclosing information in line with society's expectations (Roman and Grant, 2013). Deegan et al. (2002) argue that if corporation establish such disclosures, inclusive of social and environmental disclosures, the corporations are likely to be made to legitimize corporate behaviors in response to public concern. As a result, public concern will be impacted by the media agenda as expressed by the print media. Therefore, legitimacy theory admits that companies are face with greater exposure (Cho and Patten, 2007), as firms with poorer environmental performance are assumed to perform, as such, the concerned firms will be expected to provide more extensive off-setting or positive environmental disclosures in an attempt to address the increased threats to their legitimacy. Roman and Grant (2013) claim that the exact terms of the contract, or exactly what CSR entails cannot be known with precision.

Roman and Grant (2013) contend that when the corporation breaches the social contract because of policy-making that does not meet societal expectations, and then; it attracts community concern over the corporation activities. More importantly, these bounds and norms are not fixed (Brown and Deegan, 1998), but change across time, thereby requiring the organization to be responsive. Since legitimacy theory is guided by perception (Cormier and Gordon, 2001), any of the management response must be accompanied by disclosure for actions not publicized, and therefore will not be effective in changing external parties' views about the organization. As a result, there is a social contract between the organization and those affected by the organization's operations (Carroll, 1979; Vanessa, 2006). This view embodied within the legitimacy theory on the ground that organizations will be penalized, if they do not operate in a manner consistent with community expectations.

Legitimacy is more entrenched among political scientists and sociologist as a societal-variable (Panwar et al., 2014), similarly, corporate reputation incorporate legitimacy, likewise, many of the studies in organizational population ecology, and resources dependency. In the opinion of O'Donovan (2002) legitimacy theory postulates that the

greater the likelihood of adverse shifts in the social perceptions of how an organization perform, then, the greater the desirability on the part of the organization to attempt to manage these shifts in social perceptions. This theory is based on the idea that a 'social contract' exists between business and society (Branco and Rodrigues, 2006b p.236). Moreover, society permit companies existence and confirm its rights, and in return expect them to fulfill its expectations about how their operations should be conducted. In other research conducted by Panwar et al. (2014) rooted in political economic tradition; legitimacy theory admits that the survival of an organization depends on its acting in socially acceptable ways. Besides, society permits organization to operate as long as the corporation is perceived to be fulfilling the needs of society. The whole idea of legitimacy position revolves around the ideal that legitimacy depends on consistency with socio-cultural values (Brinkerhoff, 2005; Panwar, et al., 2014).

Corporate legitimacy has become a pressing issue, as well as the stakeholders' perception, moreover, the role of business in society has been significantly redefined (Elanor, 2013). In fact, growing attention on social responsibility information disclosure has received focus for many years on environmental information (Branco and Rodrigues, 2006b). Oil industry is controversial because there has been persistent, widespread engagement in unscrupulous business practices that entail adverse social, environmental, and ethical consequences (Du and Vieira, 2012; Woolfson and Beck, 2005). Thus, attempt to redefine the relationship between business and society brings about the creation of new form of corporate legitimacy (Elanor, 2013). Therefore, the implication for businesses is to open a dialogue with society. As a result, CSR initiatives encompass all the diverse corporate social practices implemented, in order to increase the congruence between corporate behavior and social expectations of stakeholders (Elanor, 2013), and to increase its legitimacy within society. Of recent, some corporations have been involved in conflicts with civil society (Palazzo and Scherer, 2006), due to the fact that the companies' legitimacy has been challenged. Palazzo and Scherer's cited an instance where NGO activists adopt multinationals' brand name as the target to fight for decent labour, environmental and human rights standards around the world.

CSR received more attention and resources from the oil companies (Du and Vieira, 2012), although, this is indicated by the level of commitment and number of explicit CSR programs initiated by the corporations in their business domains. Also, the benefits of internet for communicating information to stakeholders over traditional communications channels are related to the possibility of providing more information that is less expensive and timely fashion, and to its interactive nature (Branco and Rodrigues, 2006b). Moreover, the environmental CSR initiatives includes enhancing efficiency, promoting bio-diversity, fighting climate change by reducing greenhouse emission, and the preservation of natural resources (Du and Vieira, 2012). The community CSR activities ranged from health initiatives (e.g. programs for fighting malaria, AIDS, and Tuberculosis), arts and educational programs, to initiatives that stimulate socioeconomic development in the local communities.

Individual stakeholder will ascribe legitimacy to the corporation if they perceive that they will benefit from the corporation's activities (Palazzo and Scherer, 2006). Example of such include: through payment or cost reduction, or at least indirectly through the output of the 'macro-economic system as a whole' (p. 72). However, because of changing societal expectations, some corporations now intensify effort on their CSR engagement by introducing new initiatives (Castello and Lozano, 2011), thus, rhetoric in their communications with stakeholders. Palazzo and Scherer (2006) argue that because of initial resistance by the corporation to engage in corporate social contribution signify the genesis of corporate legitimacy; as a result, corporations are now seeking new forms of legitimacy.

The idea behind the legitimacy theory rested on the fact that organization does not really able to 'manage' legitimacy, but rather undergoes a continuous (and often unconscious) adaptation process as it reacts to external expectations (Panwar et al., 2014 p. 484). Roeck and Delobbe (2012) claim that organization could gain more legitimacy and support from internal stakeholders, by increased engagement in environmental CSR initiatives and associated communication efforts. Besides, to reinforce the relationship between perceived CSR and organizational trust, organization should initiate its CSR policies and actions by avoiding over-emphasizing the business case underlying these

initiatives. For the survival of an organization, indeed, corporation must ensure that the activity it undertakes should attempt to be in accordance with the values and norms of the society (Branco and Rodrigues, 2006). Legitimacy is a way of seeking new role in the society (Castello and Lozano, 2011), making corporations to strive for compliance with norms, values, beliefs, and definitions (Suchman, 1995). As such, Palazzo and Scherer (2006) conclude that modern liberal society citizens enjoy a private sphere of voluntary cooperation and exchange with their fellow citizens, a sphere free of arbitrary intervention by public institutions or third parties. Therefore, the liberal idea of maintaining legitimacy of political institutions and processes is linked to the historically grown differentiation between the state and society.

Thus, when such expectations are not fulfilled, that is when company's actual or perceived behavior is not in accordance with social values and norms, a breach of contract exist, and legitimacy gap may develop (Palazzo and Scherer, 2006). More often, when corporations gain experience in societal practices, perceptions of CSR increases, the business case for CSR then appears as much more legitimate in the eye of the stakeholders (Roeck and Delobbe, 2012). In the application of legitimacy theory, some companies in a particular industry are more visible and are more exposed to the public scrutiny (Roeck and Delobbe, 2012). Those companies are considered to feel greater social and political pressure to act in a more socially desirable manner and to provide information in certain area of social responsibility, and more likely to disclose in those area. Besides, despite the importance of legitimacy, the process by which corporation obtains legitimacy still not well understood (Chung et al., 2015). Consequently, it deems fit for organization to manage perception of the overall corporate legitimacy, as well as create the perception that they are legitimately handling specific issue that are of interest to the public.

Company is perceived as having legitimate right when it acts in accordance with societal expectations or because it successfully manipulates expectations and perceptions that people have towards the company (Claasen and Roloff, 2012). So far, reviewed of legitimacy theory indicates that society perception of corporations is an essential factor, also there are high expectations from firms' social responsibility initiatives (see Branco

and Rodrigues, 2006; Panwar, et al., 2014; Roeck and Delobbe, 2012). Similarly, earlier research of corporate social reporting employed legitimacy theory framework in most of their studies (see Cho and Patten, 2006; Deegan et al. 2002; Roman and Grant, 2013). Clearly, the legitimacy theory is based on the notion that business operates through a social contract which prompt the organizations to disclose any kind of social information in their annual report. These social disclosures often help the society to ascertain the level of CSR initiatives of most firms.

Organization legitimacy involves a broader societal perception about the actions of an entity that is considered appropriate or desirable (Santana, 2012). As a result, for stakeholder to be perceived as having legitimate right by the management of the corporation (Santana, 2012), having legitimate entity might not be enough criteria. Therefore, stakeholder in which community is part of must be perceived as having a legitimate claim, indeed, behaves in a legitimate way. Moreover, the process of internalizing the social norms, particularly in the case of managerial attitudes was as a result of indifference or resistance towards receptivity to CSR initiatives based on the support of peer groups or top management (Thomas and Lamm, 2012), however, can be moderated by the strength of the organization identification.

Due to the pressure experienced because of changing in societal expectations (Castello and Lozano, 2011), some corporations have started to intensify their CSR engagement by introducing new CSR initiatives in their communications with stakeholders. The perceptions towards legitimacy and the behaviors of the stakeholder exist at the intergenerational level of analysis (Santana, 2012). Moreover, this legitimacy is mostly influenced by a broader societal perception of the stakeholder's organizational legitimacy. Thus, understanding the diverse forms of legitimacy has been a major challenge across the world today (Castello and Lozano, 2011). While trying to simplify the complex social context (Santana, 2012), a lot of factors influenced managers' decision which include societal norms and recognized behaviors; organizational values, principles, and strategies.

Legitimacy issues of the MOC operating in Niger-Delta are faced with enormous challenges because of problems that were created by the presence of the oil firms in the

oil region, in addition, because of failure of the oil firms to redeem some of the promises made to the host communities (e.g. Frynas, 2005). Therefore, for MOC operating in Niger –Delta region of Nigeria to continue enjoying legitimacy right from the host communities, such right must be in line with norms, values, beliefs and expectations of the host communities in Pursuance of CSR initiatives objective.

Hence, the hypotheses cited below are in accordance with legitimacy theory of corporations.

Hypothesis 2 (H₂) There is positive relationship between corporate legitimacy and community relations by MOC in Nigeria.

Hypothesis 3 (H₃) There is positive relationship between corporate legitimacy and community perception by MOC in Nigeria.

4.6.3 Social Contract Theory (SCT)

The idea of social contract revolves around the central issue of how to build relationship by the corporation with the society. Social contract theory tries to explain the reason for relating individuals to society, based on the assumption that every individual is rational in the sense that they act according to their own interest. Similarly, the view holds that social contract is concern with a firm's indirect societal obligations and resembles the social contract between citizens and government (Steidlmeier, 1992). Social contract theory has been in existence for few centuries despite all the attacks it has received, and this confirms its usefulness (Thompson and Hart, 2006). This theory is chosen, in order to identify the impact of CSR initiatives to the nature of community relations and community perception. In contrast, Cava and Mayer (2007) posit that when faced with the deterioration of its economic base, any business community must take some difficult decisions about its role within the urban community and about its responsibilities to that larger group.

Shocker and Sethi (1973) see social contract theory as any social institution and business is no exception-operates in society via a social contract, express or implied, whereby its survival and growth are based on: the delivery of some socially desirable ends to society in general, and the distribution of economics, social, or political benefits to groups from which it derives its power” (p. 67).

Binmore (1994) argues that social contract is an agreement by individual member of a society to ensure that there is some level of consistency in life's game. Albeit, the position was because social contract acts as a monitor or constraint on the activities, decisions and choices of the individuals as they guide against contravene the rules of the game. As such, these difficult decisions must be balanced alongside and against responsibilities to owners, shareholders and relevant stakeholders in a relatively news context (Cava and Mayer, 2007 p. 264). Moreover, the fact that social contract theory has endured for centuries is a statement to its relevant (Thompson and Harts, 2006), Indeed, part of the theory's broad appeal is its elegant articulation of moral authority, which comes from the very absence of contextual consideration. Besides, due to the dynamic nature of social contracts (Donalson and Dunfee, 2002), which is an indication that it may change over time, yet it is still important that parties to the contracts abide by the term.

Thus, to ensure that business and society sustain the relationship, there is need for direct and indirect reciprocal relationship between the corporations and the society (Freeman, 2001; Jensen, 2002). In the same vein, business and society enjoy the set of rights and mutual responsibilities through this social contract (Cava and Mayer, 2007; Thompson and Hart, 2006). Society has high expectation on the corporations that operate in a socially responsible way. Hence, any corporation that failed to operate in accordance to the desire of the society's expectations and perceptions may lose its market power. Social contract operates on the basis that morally satisfactory solutions are reached through the agreement of the contracting parties involved in any arrangement (Lacey and Lamont, 2014). Social contracts justifying the fair terms of social cooperation between parties who may in reality differ about their interest. It also represents the

social norms, and set of society's ethical principles (Hartman et al., 2003), which are the foundation rules of behaviour.

Integrative social contract theory offers a framework for analyzing business decision-making by testing out the commonly shared values that permeate a particular community 'the authentic norms' which such community is 'small or large', 'corporate or associational', 'national or local' (Cava and Mayer, 2007 p. 264). Thompson and Hart (2006) argue that a psychological contract approach does not generate universal moral principles that govern the macro-social contract, thus, provide insights into how actors construe and interpret the principles they believe should govern their personal relationships with institutions. Similarly, corporations mostly involved with two types of social obligation: affirmative duties and negative injunctions (Boatright, 1993). However, the affirmative duties imply that the corporation must participate actively in society activities, such as helping the aged, voluntarily. But, negative injunction implies that firms must be responsible for any damage resulting from their own operations and this serves as minimum moral level of conduct expected of corporations. Society may expect more than minimum level of moral conduct; therefore, this is one of the main reasons for corporations to exercise greater social responsibility than the minimum legal requirement.

Obviously, various reasons were put forward to justify the benefits of social contract theory; among them is that social contract acting as moderator of the interest of individuals (Hobbes, 1651), to balance the inequality among members of society (Rousseau, 1762). Moreover, parties can have contracts and yet be in a state of nature if they do not honour contracts (Locke, 1690). In a related development, the acts of disregard for terms of the agreement as reflecting moral blindness on the part of the defaulting party and the position provides an indication that makes it necessary to look at various features deemed instrumental by these authors to both the establishment and maintenance of the social contract, with parties abide by the terms.

As a result, corporation would identify themselves as involved in a CSR agenda when they have supported the activities of local communities (Eweje, 2006b). In contrast, Cava and Mayer (2006 p. 264) reveal that a community is a 'self-defined', self-

circumscribed group of people who interact in the context of shared task, values, or goals and establishing norms of ethical behaviour for themselves. As such, the relevant concept is that local economic communities' can and do 'generate ethical norms' for voluntary members of the group through micro-social contracts' (p.264). Moreover, Wempe (2009) reiterate that the concept of CSR that was developed in the 1980s and the early 1900s does not measure up when analyzing the current large social issues.

Thus, Wempe (2009) "argue that this problem lies with the fact that we relate moral responsibility only to: (i) actions of natural persons or formal organized collectives, (ii) that can be considered as responsible for an undesired effect in a causal sense and (iii) that can be judged by applying universal norms. However, they further reiterated that only natural persons or formal, organized collectives' qualify for a moral assessment. It is only possible to account in retrospect for behaviour that leads to undesired effects. Indeed, it is only possible to evaluate behaviour when it is possible to apply universal norms" (p.752).

Undoubtedly, social contract theory has made a significant contribution to the field of business ethics (Donaldson and Dunfee, 1994), its greatest impact has been in the area of international business ethics by providing multinational managers with guidance on how to resolve conflicts between the norms and values of their home country and the host country (Donaldson, 1996). The unique contribution of the social contract theory could be traced to 'context-specific complexity of business situations' (Donaldson and Dunfee, 1994 p.255). Indeed, social contract theory emphasizes on the complexity of business situations through its unique methodology which seeks to integrate empirical method with more traditional philosophical analysis.

Based on the above discussion, corporations would identify themselves as involved in CSR agenda when the firms supported the local communities' activities (see Eweje, 2006b; Martins, 2012). Although, social contract point of view might not give a clear picture of its involvement in CSR initiatives. As a result, economic benefit could be stated here based on the pronouncement by the instrumental theory of CSR, which emphasis is on the enhancement of corporate reputation, thus, help to secure a license to operate which is synonymous with the concept of legitimacy of business operation in a

society (Davies, 1997). Moreover, the ideal of legitimacy is found to be directly related to the concept of social contract.

Besides, the ideal of community relations and perception as it relate to the concept of social contract in this research is to ensure that divergent local norms are not due to individual differences within the contractors (Martins, 2012). However, the degree to which privacy norms changes due to the contracting community must be established. As a result, companies are seeking to establish more meaningful connections within communities (Lacey and Lamont, 2014), acknowledging these different interests and concerns by providing forums for exchange and discussion. To achieve better relationship between the corporations and the communities, Lacey and Lamont's cited example of programs put in place which include: "undertaking extensive community consultation, establishing community consultative committees to facilitate meaningful exchange between community, government and company interests, and hosting community meetings, information sessions, site tour and open days" (p. 834). Corporations ensure that they provide for the ethical judgments of a generally understood control community which allows the analysis to isolate the impact of insider status on the community apart from any impact on a general disposition (Martins, 2012).

Indeed, tied to the notion of bounded rationality is the idea of 'moral free space' (Fort, 2000 p. 384), as a result, communities are entitled to free space to determine what is appropriate for their time and place. Moreover, integrative social contracts theory does not overturn popular wisdom (Donaldson and Dunfee, 2002). Therefore, social contract arises from specific cultural and geographic contexts of legitimacy and acknowledges a limit to the legitimacy. Besides, community that enforces its norms and allows those who disagree with them to exist is likely to experience conformity to existing norms other than dynamism (Phillips and Johnson-Cramer, 2006). In addition, Fort (2000) commented on the argument of Donaldson and Dunfee on the ground that it seems to be most akin to a kind of natural law. Thus, to vastly oversimplify natural law, when there is an innate moral sense in every human being; hence one would expect to find manifestations of it in all human endeavours. Therefore, morality can be 'conditional' or 'situational' at least because of the two conflicting conceptions of ethics which could

sometimes be valid (Donaldson and Dunfee, 2002 p. 1855). However, community agreements about ethics sometimes matters.

Thus, community relations as a mediating variable between corporate legitimacy and CSR initiatives often serve as a predictor of social performance outcome for the corporation. Most often, regulation exist in order to correct some wrong doing in the society (Weber and Gerard, 2014). For example, the corrections may come by fixing of prices above or below free-market equilibrium, taxes, subsidies, direct production of goods or services, and administrative controls guided by sanctions (e.g. Weber and Gerard, 2014). Nonetheless, Weber and Gerard (2014) assert that demand for regulation is triggered by a perception of value in regulation. Indeed, demand being the greatest private cartelization is either unfeasible, or is a costly alternative to regulation.

Furthermore, corporation has numerous stakeholders that compete with firm resources (Freeman, 2001). Moreover, stakeholder comprises employees, customers, suppliers, distributors, creditors, host communities, and the government (Duke and Kankpang, 2013). However, the performance of the firm is determined by how well the firm is able to manage its relationships with different stakeholders (Freeman and McVea, 2001). Indeed, the success of the firm rested on how well the managers are able to manage these conflicting interests. As earlier indicated in the legitimacy theory section, social contract is a reaction to the pressure exerted by institutional and public stakeholders (e.g. Meng et al., 2014; Magness, 2006). Therefore, firm with poor environmental performance will experience greater political and social pressures, which otherwise threaten firm legitimacy.

Moreover, local norm should be specific to the particular contracting community. However, the alleviation of human misery involves promoting the interests of those who are suffering (Hsieh, 2009). In addition, those who subscribe to the corporate resources ought to be devoted to alleviating human suffering and may as well ask if this intuition can be defended in the context of a corporate purpose that grants shareholders special claim over corporate resources.

Thus, Dunfee (1998) agreed that it is the responsibility of the corporations to help extend the boundaries of what is permitted while managerial decision-making and deepens the understanding of the limits of shareholder primacy as the correct account of corporate purpose. Since the firms operate in an environment, there is need for the corporations to look for ways of reducing or manage the external risk (Oetzel and Getz, 2012). Formulate appropriate responses to external threats in the operating environment is a salient and complex challenge for firms engaged in international business. Beddewela and Fairbrass (2016) assert that host-country institutions can exert considerable pressure on MOC to adopt CSR activities which align with local or host-country requirements. In countries, such as Nigeria, particularly, Niger-Delta, the performance of CSR initiatives has become norms in the host communities (Idemudia and Ite, 2004). Corporations need to reflect concerns of society through substantive actions (Padhiyar, 2013), particularly the host communities. Some companies try to stay ahead of these evolving values and meet new stakeholder demands as they arise. An effective CSR activity allows firm to take advantage of these changes by maximizing their economic performance in an increasingly globalization world.

Oil companies face the host-country pressures in relation to their CSR practices (Beddewela and Fairbrass, 2016). By taking proactive measures, MOC engage in dynamic way with some of these institutional pressures and pursue effective legitimacy-seeking strategies. Most oil companies in Nigeria employ a range of CSR initiatives with objective of building long-term relationships with the host communities and other important institutional actors (e.g. Beddewela and Fairbrass, 2016; Fooks et al., 2013), so that firms' survival in the country can be assured. Oetzel and Getz (2012) argue that the initial motivation for responding to complex risks is not always the result of top management initiatives, but stakeholder groups might initiate the issues.

In line with the discussion above, it will be in the interest of the oil corporation to provide good CSR initiatives, which are in most cases are norms in the host communities. Therefore, CSR initiatives of MOC in Nigeria determine the nature of both the community relations and community perception in the context of this research.

Therefore, the present study proposition is based on the hypothesis which is consistent with social contract theory postulate as follows.

Hypothesis 5 (H₅): There is a positive relationship between CSR initiatives and community relations by MOC in Nigeria.

Hypothesis 6 (H₆) There is a positive relationship between CSR initiatives and community perception by MOC in Nigeria.

Hypothesis 7 (H₇) There is a positive relationship between environmental performance and social performance outcome by MOC in Nigeria.

Hypothesis 8 (H₈) There is a positive relationship between community relations and social performance outcome by MOC in Nigeria.

Hypothesis 9 (H₉) There is a positive relationship between community perception and social performance outcome by MOC in Nigeria.

4.7 Mediating Role of Environmental Performance, Community Relations and Community Perception.

Thus, substantial number of studies were earlier conducted about relationship between CSR and corporate performance; and found to be positive and direct relationship (Lin et al., 2012; Farooq et al., 2014; Orlitzky et al., 2003). However, it was discovered that most of these experiences and mediators are perceptual thinking (e.g. Lin, et al., 2012). Clearly, huge number of studies suggested that performance should be tested through objectives measures, rather than relying on perception as measures of performance (Delaney and Huselid, 1996; Lin et al., 2012). As a result, the four components of CSR (i.e. Compliance to industry standards (CIS), corporate legitimacy (CL) regulatory infractions (RI), and CSR initiatives (CSRI) have positive and direct influence on CSP dimensions (i.e. environmental performance (EP), community relations (CR) and community perception (CP)), and if environmental performance

(EP), community relations (CR), and community perception (CP) serve as components of CSP, then, certainly, environmental performance (EP), community relations (CR), and community perception (CP) mediate the effect of compliance to industry standards (CIS), regulatory infractions (RI), corporate legitimacy (CL) and CSR initiatives (CSRI) on social performance outcome of MOC in Nigeria.

Similarly, Rynes et al. (2005) suggest that testing mediation mechanisms is critical and essential for understanding the duality of formation processes and practical implementations of new theories. Conceptually, the intervening mechanisms link CSR indicators (CIS, RI, CL, and CSRI) via CSP (EP, CR, and CP) on firm social performance outcome; however, the empirical investigation reveals that these relationships have not been widely found, thus, to the best of researcher's knowledge. Therefore, the underlying hypotheses are proposed in the present study as a mediating relationship between the exogenous and endogenous variables as depicted in figure 4.2 as follows.

Hypothesis 10 (H_{10a}): Environmental performance (EP) mediates the effect of compliance to industry standards (CIS) on social performance outcome of MOC in Nigeria.

Hypothesis 10 (H_{10b}): Environmental performance (EP) mediates the effect of regulatory infractions (RI) on social performance outcome of MOC in Nigeria.

Hypothesis 11 (H_{11a}): Community relations (CR) mediates the effect of corporate legitimacy (CL) on social performance outcome of MOC in Nigeria.

Hypothesis 11 (H_{11b}): Community relations (CR) mediates the effect of CSR initiatives (CSRI) on social performance outcome of MOC in Nigeria.

Hypothesis 12 (H_{12a}): Community perception (CP) mediates the effect of corporate legitimacy (CL) on social performance outcome of MOC in Nigeria.

Hypothesis 12 (H_{12b}): Community perception (CP) mediates the effect of CSR initiatives (CSRI) on social performance outcome of MOC in Nigeria.

4.8 Demographic Factors as Moderators of the Relationship for Measurement Used between Study 1 and Study 2

In this research, the author posits that CSR is positively related to social performance outcome via CSP. In addition, the author expects the relationship between the groups to vary significantly due to the demographic factors. Some commentators argued that returns to CSR are contingent and not universal (Ullmann, 1985; Wang et al., 2016). Thus, CSR cannot universally produce favorable returns for all firms all the time (Barnett, 2007; Wang et al., 2016), so favorable findings cannot be replicate across all data set. Meanwhile, the relationship between demographical variables and job burnout was investigated by Matin et al. (2012). Therefore, researcher should endeavour to find factors that explain variation in measures used between the groups in relation to social performance outcome by MOC in Nigeria. However, three contingency factors were considered in this study, namely, sex, educational background and marital status as critical determinant of measurement used between study 1 and study 2.

The stakeholders from the two groups (employees of MOC and host communities) were differing in term of sex (male or female) distribution of the responses to the survey. The stakeholders obtain information about firm's social behaviour more efficiently and make responses based on the perception of the firms CSR involvement (e.g. Wang et al., 2016), and these responses for CSR turn into social performance outcome. Aside from sex distribution, the educational background also accounts for differences in measures used between the two groups, and such differences in educational level between the two main stakeholders may moderate the relationship. Marital status is the third moderating factor; responses from both groups (e.g. employees of MOC and host communities) also influence the choice of the measures. Campbell, 2007; Wang et al., 2016 argue that socially responsible corporate behavior and economic conditions is moderated by several institutional factors (e.g. public-private regulations, the presence of NGOs and other independent organisations, etc.) that monitor corporate behaviour.

Based on the above logic, this study argues the following:

Hypothesis 13 (H_{13a}): Sex moderates the effect of relationship between CSR dimensions (CIS, RI, CL and CSRI) and social performance outcome of MOC in Nigeria.

Hypothesis 13 (H_{13b}): Educational background moderates the effect of relationship between CSR dimensions (CIS, RI, CL and CSRI) and social performance outcome of MOC in Nigeria.

Hypothesis 13 (H_{13c}): Marital status moderates the effect of relationship between CSR dimensions (CIS, RI, CL and CSRI) and social performance outcome of MOC in Nigeria.

4.9 Summary of the chapter

This chapter acknowledges the fact that conceptualization of CSR serves as important inspirational sources for most CSR literature. The chapter developed a theoretical framework for this research. In furtherance to the present research objectives, this study identified leading theories of CSR and selected three theories to support theoretical framework. The rationale for the theories and their process were fully discussed. The theories selected that provided support for the research hypotheses are stakeholder theory (SHT), legitimacy theory (LT), and social contract theory (SCT). The relationships between the theories were discussed. In chapter five, the study methodology is undertaken to provide guideline and design that will assist in answering research questions.

Chapter Five

Research Methodology

5.0 Introduction

In chapter four, a theoretical framework was developed relying on three main theories underpinning the CSR-CSP framework. Chapter five builds on this by providing explanations of the methodology employed in the conduct of this study. This chapter comprises nine sections. Section 5.1 explains the research paradigms. Section 5.2 discusses philosophical assumptions. Section 5.3 explains the choice of measures. Section 5.4 discusses research design. Section 5.5 focuses on the research techniques and procedures. Section 5.6 highlights the data collection methods. Section 5.7 discusses collected research data. Section 5.8 focuses on scale development for CSR. Section 5.9 discusses data analysis and techniques. Section 5.10 provides the summary of the chapter.

Based on the development of the conceptual framework in the previous chapter, this research then proceeds to design a methodology to test the framework. In this chapter, discussion is centred on research paradigm since this study intends to test theories that suggest relationships between variables in this study's framework. In addition, quantitative approach is used in the present study. This chapter also discusses the research methodology employed, the design process that lead to the achievement of the main research objective and method adopted for gathering data from this study's sample. Sequence to this, research instrument, data analysis technique (PLS-SEM) and statistical analyses were used to assess the measurement and structural model were discussed in this chapter.

Research methodology entail the details of the logical development of the research process (Kerlinger, 1979). Before choosing a research methodology in any study, there is need to consider the research context (e.g. the need for the study, research questions and resources available) (see Robson, 2002). The choice of the study approach in solving research problem should stem from the problem (e.g. Schutt, 2001; Selltiz et al.,

1964). The goal of this research is to achieve consistency between the philosophical approach underpinning this study and its key research objectives (Easterby-Smith et al., 1997), the research objectives earlier clarified in the previous chapter. The choice of the methods of data collection and analysis should not be based on the strengths and weaknesses of a particular method but method that can provide solution to the research problem (Vaus, 2001).

Research is a systematic and organised effort to investigate a specific problem encountered in the work setting, which needs a solution (Sekaran and Bougie, 2013). As earlier suggested by some researchers, management research can be understood only as an applied field because it is concerned not only with understanding of nature of organisations, but also solving problems that are related to managerial practice (e.g. Bryman and Bell, 2011; Saunders et al., 2009). Similarly, Ghauri and Gronhaug (2005) found that this is a way of establishing a relationship between the reasons for the research, the method used, the result achieved and any limitation for the research. The decision to adopt one or other research strategy will not provide an avenue for the researcher to conduct any meaningful research, unless other two key decisions are giving consideration on the best way to conduct research (Bryman and Bell, 2011).

Justification for the choice of research design and the research method is paramount to the conduct of a good research. Nonetheless, having identified the variables in the problem situation and developed the theoretical framework, the next step is for the researcher to design the research in such a way that the requisite data are gathered and analysed to advance solutions to the problem (Sekaran and Bougie, 2010). The methodology reflects the philosophical assumptions of the research paradigm (Collis and Hussey, 2009), and the clarity of paradigm is essential for research progress because it determines the choice of research strategy and eventually leads to a range of associated methods for collecting and analysing research data. To enhance the internal validity of this study, two sets of questionnaires were prepared; one set for the employees of big four MOC and the second set for the representatives of the host communities around the operations of oil companies, in order to fulfil the research objectives and build defendable results.

To recap, the main objective of this research is to investigate the effect of CSR and CSP on employees and host communities as main stakeholder of MOC in Nigeria based on the underlying study objectives.

- To investigate the influence of compliance to industry standards on environmental performance by MOC in Nigeria.
- To investigate the influence of corporate legitimacy on community relations by MOC in Nigeria.
- To investigate the influence of corporate legitimacy on community perception by MOC in Nigeria.
- To investigate the influence of regulatory infractions on environmental performance by MOC in Nigeria.
- To investigate the influence of CSR initiatives on community relations by MOC in Nigeria.
- To investigate the influence of CSR initiatives on community perception by MOC in Nigeria.

5.1 Research Paradigms: Positivism, Interpretivism and Pragmatism

Researchers are always interested in contributing in some ways to the advancement of knowledge, irrespective of the magnitude of the contribution to knowledge. Thus, the contribution to knowledge is contingent on the researcher's beliefs and perceptions of the world and this belief further influence the decisions about the study strategies and methods (Bryman and Bell, 2011; Burrell and Morgan, 1979; Saunders et al., 2009). It might be easy to fall into the trap of thinking that one research philosophy is better than another (Saunders et al., 2009). There are three dominant paradigms in the methodology literature from which researchers are free to choose based on their research orientation: positivism, interpretivism and pragmatism (Saunders, Lewis and Thornhill, 2012).

However, positivism and interpretivism identify as two common dominant paradigms in academic research (Bryman and Bell, 2011; Collis and Hussey, 2014; Denscombe, 2010; Sekaran and Bougie, 2013). The word paradigm is regarded as a basic set of beliefs that guide research action (Bryman and Bell, 2011; Burrell and Morgan, 1979; Guba and Lincoln, 2005). Research paradigms provide researchers with guideline on how to undertake methodology suitable to conduct a specific research (Guba and Lincoln, 1994), and reflect on primary assumptions that concern the world and the foundations of knowledge.

The argument that emerged from the above is that there are two main research paradigms; the third paradigm (e.g. pragmatism) is the hybrid of the popular two paradigms (e.g. positivism and interpretivism) developed for researchers with mixed methods orientations (e.g. Saunders et al., 2012; Bryman and Bell, 2011). Figure 5.1 provide the illustration of the three dominant paradigms in business research. Therefore, researchers must understand the meanings, scope, and applicability of any of the paradigms before adoption.



5.1.1 Positivism

A positivist research paradigm is related to a quantitative research approach and the school assumes that there is one true reality which can be discovered through rigorous empirical research (e.g. Creswell, 2003; Bryman and Bell, 2011; Guba and Lincoln, 2005). Positivism research approach is based on philosophical posturing of natural and scientists credited to the French philosopher (Auguste Comte: 1798-1857), who declared that the only authentic knowledge source is gained through the scientific approach (e.g. Lenzer, 2004; Al-Habil, 2011). Positivism is a belief that factual, real and trustworthy knowledge in research is better gained through observation (Saunders et al., 2012), the use of these senses and scientific measurement. Positivism believes on the existence of objective reality and this reality is better explained and controlled through causal relations and test of hypotheses to establish statistical inferences (e.g. Al-Habil, 2011 Bryman and Bell, 2011).

Therefore, the use of the scientific approach and procedures is the most effective and trustworthy in research for better understanding and prediction. Based on this approach, researchers see themselves as neutral observers, because the outcome of their research will not in any way be influenced by their values, beliefs and biases (e.g. Bryman and Bell, 2011; Creswell, 2013; Guba and Lincoln, 1994). Researchers with positivist orientation (scientists and social scientists), always ensure objectivity and independence when conducting research design and procedures by concentrating on fact and figures that emerge from research process without prejudices (Al-Habil, 2011; Bryman and Bell, 2011; Wilson, 2010). Independent is closely linked with positivism because the word independence in research connotes ability to maintain a minimal level of interaction and neutrality with the target audience (Wilson, 2010).

Positivists seek accuracy by using statistical criteria and conceptions of reliability and validity (Guba and Lincoln, 1994). The research approach seeks to develop relevant true statements that can explain the situation that is of concern or that describes causal relationships (Buelens, De Woestyne, Mestdagh and Bouckenooghe, 2008; Creswell, 2003), the approach employs experiments and surveys, using predetermined instruments to yield statistical data. Positivism hinges purely on scientific methods; therefore, the

approach is reliable and objective (e.g. Bryman and Bell, 2011; Hergenhahn, 2009). The positivist perspective, though not the most appropriate approach to answer these questions. As a result, the next paragraphs reflect on two other perspectives that make totally different knowledge compares from those made by positivist perspective.

5.1.2 Interpretivism

Interpretivism approach is associated with the philosophical position of idealism (Collins, 2010), and it groups together diverse approaches that are associated with ‘social constructionism, phenomenology and hermeneutics’ (Collins, 2010 p. 38). These are the approaches that rejected the ‘objectivist perspective that meaning resides within the world independently of consciousness’ (Collin, 2010 p.38). Contrary to positivism, interpretivism assumes that objective truth or reality does not exist (Buelens et al., 2008). Buelens et al. (2008), Gephart (1999) argue that researchers construct meanings as they engage with the world that they are interpreting, and the key assumption held by this school is that individuals seek understanding of the world in which they live. Interpretivist stresses that we are all born into a world of meaning that is shaped by context and culture (Buelens et al., 2008). The basic generation of knowledge always has a social dimension, arising from in and out of interaction with the community.

This viewpoint assumes that understanding of the world may be enhanced, if researchers endeavour to differentiate between human beings based on roles they perform as social actors (Saunders et al., 2012). Compared to object that are inactive, human beings are active players within the social construct, their life and role can be interpreted within different contexts. Interpretivist wants to get a better understanding of specific phenomena by examining the contexts and the underlying processes that drive the appearance of these phenomena (Buelens et al., 2008). The intention of the researchers is to generate or develop a theory or pattern of meaning (Buelens et al., 2008; Creswell, 2003; Crotty, 1998), and interpretive research is assessed in terms of trustworthiness and authenticity criteria (Guba and Lincoln, 1994).

The practical analytical methods used in interpretive research are grounded theory and expansion analysis (Buelens et al., 2008), researchers can draw on upon a myriad of strategies, including ethno-graphics, grounded theory development, case studies and

Phenomenological research. Discussion on the interpretivism research paradigm shows that the approach is predicated on subjective interpretation of reality in different situations that researchers found themselves.

5.1.3 Pragmatism

Pragmatism is a hybrid paradigm. The approach departs from strict positivism and interpretivism. This approach is desirable for research with multi-methodological approaches (Johnson and Duberley, 2000; Saunder et al. 2009), and it allows utilization of multiple techniques that are available in academic research. Pragmatism believed to have emerged from two Latin and Greek words ‘pragmaticus’ and Pragmatikos’ (Ormerod, 2006). Pragmatism philosophical position was formally proposed to the academic community by William James in his 1898 lecture titled ‘Philosophical Conceptions and Practical Results’ at University of California, Berkeley (Borrego et al., 2009), where he stated that there is no single method or idea that is sacrosanct, rather a method, an idea or an approach should be adopted when they work satisfactorily for the researchers.

Pragmatism argue that a research method should be adopted based on its practical results, fruits and consequences arising from research (McDermid, 2006), not based on their philosophical conceptions, origins, links and connections with historical data or facts. Therefore, there are different realities as well as ‘different ways of interpreting the world and undertaking research’ in any social context (e.g. Saunders et al. 2012). Pragmatism offered opportunity between positivism and interpretivism because of the multi-disciplinary nature of research.

This research adopts positivism approach based on philosophical position of the researcher which quantitative approach is linked to objectivism research paradigm (Bryman and Bell, 2011), and this paradigm helps provides answer to the research questions (see Burrell and Morgan, 1979; Collis and Hussey, 2014; Sekaran and Bougie, 2013). Quantitative research is the study of relationship between variables (Punch, 2003), and for quantitative researcher, “reality is conceptualised as variables which are measured, and the primary objective is to find how the variables are distributed and especially how they are related to each other and why” (p. 2). This present research is

guided by this research paradigm. Bryman, 1988a in Bryman and Bell (2011, p. 24) assert that a paradigm is a “cluster of beliefs and dictates which influence what should be studied, how research should be done and how results should be interpreted”.

Paradigm influence on the research design, data collection instruments, format of data collection, determine how data collected must be analysed, interpreted and presented. This study adopts quantitative approach linked to objectivism research paradigm. Quantitative approach entails a deductive approach to relationship between theory and research; incorporate natural scientific model, seen social reality as an external and objective reality (Bryman and Bell, 2011; Creswell, 2003). Quantitative approach in some cases, the researcher does not collect new data but use statistics to analyse existing data from archive, database or related published source (Collins and Hussey, 2014).

5.2 Philosophical Issues: Ontology, Epistemology, Axiology and Methodology

In academic research, discussions of ontology, epistemology, axiology and methodology perspectives reveal the researcher’s orientation about social reality, limit of the enquiry and its validity. Therefore, this study provides answers to these philosophical questions.

5.2.1 The Ontology

The present study assumes that social reality is objective and external to the researcher, thus, there is only one reality and the researcher has the same sense of reality. The ontological assumptions are therefore, in line with the researcher point of view (e.g. Bryman and Bell, 2011; Burrell and Morgan, 1979; Ritchie et al., 2014; Saunders et al., 2009), and the ontological central point of orientation is the question of whether social entities can and should be considered as objective entities that have a reality external to social actors, or whether they can and should be consider as a social construction built up from the perceptions and actions of social actors.

The ontological position for this research is objectivism, because of the belief that organisation represents a social order in that it exerts pressure on individuals to conform to the requirement of the organisation (Bryman and Bell, 2011; Saunders et al., 2009). There is chain of ontological questions proposed by (Johnson and Christensen, 2008;

Lichtman, 2006): Is reality objectively external to the researcher or subjectively internal within the reach of the investigator? Is there single reality which is objective or multiple realities that are subjective?

In this research, the ontological position of this thesis is that reality is objective and could be discovered by the researcher through words, actions and questioning of social actors.

5.2.2 The Epistemology

In contrast, this study epistemological assumption is based on the question of what is regarded as acceptable knowledge in a discipline. Epistemology is the 'possible ways of gaining knowledge of social reality (Blakikie, 2000 p. 8), whatever it is understood to be claims about how what is assumed to exist can be known'. Crotty (1998) argue that epistemology is the study of knowledge, nature and scope. The root of epistemology can be traced to two Greek derivatives, namely: 'episteme' meaning knowledge, and 'logo' translated as study or simply science' (Truncellito, 2007). It provides insights into critical realms of knowledge (Horn, 2010), what is knowledge? What is the real source of knowledge seeking? What are the limits to knowledge? Truncellito (2007) identified three types of knowledge, but only one relates to epistemology. The first type is procedural knowledge, and this focuses on competence and skills required by humans for using equipment and other devices.

The second type is acquaintance knowledge, and this is designed to include in learners' idea on familiarity with other things within the human environment. The third knowledge is propositional knowledge, and the knowledge is the focus of epistemology. Some of these issues are well discussed under research paradigms and related discourses. Epistemology is divided into: objectivism and subjectivism (Crotty, 1998). Objectivism presupposes that reality and truth can only be known through a value-natural manner, observable and replicate facts (e.g. Bryman and Bell, 2011; Horn, 2010). While subjectivism posits that there is no objective truth anywhere and that people create meaning from reality in a value-laden manner.

The epistemological assumptions are therefore in line with the perspective of the researcher (see Bryman and Bell, 2011; Saunders et al. 2007; Sekaran and Bougie, 2013). The epistemological assumptions concerned with the methods of knowing and learning about the world and focuses on issues of how we can learn about reality and what form the basis of knowledge (Saunders et al. 2007; Ritchie et al. 2014). The assumptions stress that objects have separate existence to that of researcher, in line with these assumptions; the data collected for this research are far less open to bias and therefore, more objective. Thus, there are different epistemological positions in the literature (e.g. positivism, interpretivism and pragmatism) with each of this epistemology focusing on a certain view of knowledge (e.g. Bryman and Bell, 2011; Burrell and Morgan, 1979; Crotty, 1998; Sekaran and Bougie, 2013). This thesis epistemological position aligned with positivism, which deemed to be a departure from the interpretivism epistemological perspective. Hence, knowledge comes from objective evidence about observable and measurable phenomena. These are some of the factors that guide this research, since this study aims to investigate the effect of CSR and stakeholder management on corporate social performance with focus on social performance outcome of MOC in Nigeria. In addition, the choice of the epistemological viewpoint helps to provide deeper understanding of issues about phenomena which are observable and measurable, and validly regarded as knowledge.

5.2.3 The Axiology

This research assumption is based on the combination of internal and external or innate values introduce into this research process and the role played by such values and ultimately held by the researcher and the judgements of their values. The axiological assumptions are therefore, in line with researcher point of view (e.g. Collis and Hussey, 2014; Moreton-Robinson and Walter, 2009; Saunders et al., 2007). The assumption is concerned with the role of values, and the process of research is value-free. Based on the underlining position of axiological assumptions, thus, the researcher found the following statement of value in relation to the effect of CSR and stakeholder management on corporate social performance;

- a) Researcher considers CSR as an important part of business strategy

- b) Researcher examines business as part of the larger society that can sue or be sued which further regards the firm as a social entity.
- c) Researcher posits that appropriate CSR strategy for stakeholder management will enhance firm social performance outcome.
- d) Researcher is of the views that business did not operate in a vacuum; therefore, it is the responsibility of the business to be responsible to the society's needs.

The above-mentioned values emerged from the researcher based on his upbringing in African, particularly in Nigeria communal society, where the value of appreciating the importance of other people is paramount in our society. In addition, in Africa setting, there is an understanding with the frequent use of idiomatic expression and proverbs to make points when emphasising on issues that are of interest. Therefore, these values influenced this research approach, particularly the position of African to determine the relationship between the business and the society.

5.2.4 The Methodology

This study's assumptions are based on how to apply the best means of acquiring knowledge. The methodological assumptions are therefore in line with this study position (see: Bryman and Bell, 2011; Collis and Hussey, 2014; Guba, 1990; Guba and Lincoln, 2005; Saunders et al., 2007). This study ensures that all concepts used are operationalized in such a way that they can be measured (Bryman and Bell, 2011; Collis and Hussey, 2014; Hallebone and Priest, 2009). The researcher ensures that assumption concerned the process of research and the theory of how research should be undertaken was aligning with. The process and substance of generating, assembling and analysing data was also provided. Table 5.1 provides clarification of philosophical assumptions.

Table 5.1: Basic Belief of the Two Opposing Paradigms

Assumption	Positivism	Interpretivism
Ontological What is the nature of reality?	·Social reality is objective and singular, eternal to the researcher. (naïve realism)	·Social reality is subjective and multiple as seen by participants in a study (critical relativism)
Epistemological What is the relationship of the researcher to that researched?	·Researcher is independent from that being researched Knowledge comes from objective (objectivist stance)	·Researcher interacts with that being researched (subjectivist stance)
Axiological What is the role of value?	·Value-free and unbiased ·The choice of what and how-to study is determined by objective criteria.	·value-laden and biased ·The choice of what and how-to study is determined by human beliefs and interests.
Methodological What is the research process?	·Deductive approach. ·Context-free generalisations leading to prediction, explanation and understanding ·Accurate and reliable through validity and reliability ·Primarily Quantitative	· Inductive approach. ·Hermeneutical/ dialectical logic ·Theories developed for understanding ·Accurate and reliable through verification Mainly qualitative

Source: Adapted from Collis and Hussey (2014); Creswell (2003); Guba and Lincoln (1994)

Table 5.1 shows how the paradigms adopted in any research undertaking are determined by the assumptions that underpin the study research. Thus, much research is mainly influenced by the dominant paradigm in the study research area and therefore the nature of present research problem further suggests the choice of positivist approach to this research (Burrell and Morgan, 1979; Bryman and Bell, 2011; Collis and Hussey, 2014; Guba and Lincoln, 2005; Saunders et al., 2009). However, the most important determinant of the ontology, epistemology, and axiology adopted as a researcher is determined by the research questions (see Bryman and Bell, 2011; Burrell and Morgan, 1979; Saunders et al., 2009). More importantly, the approach to any study research (positivism or interpretivism) is determined by the ontology, epistemology and axiology of the researcher as discussed in Table 5.1 with distinguishing features of both positivism interpretivism, and pragmatism approach to any research endeavour.

5.2.5 Quantitative Versus Qualitative Research Methods

The issue that emerges from the above philosophical assumptions is the appropriateness of quantitative versus qualitative research methods. While both advantages and

disadvantages are associated with these two distinct methodological approaches (e.g. Table 5.2), the focus of each study essentially determines the methodological choice (Bryman and Bell, 2011).

Qualitative research explores studies in more depth and detail compared to quantitative research, and qualitative research is more relevant when research goal is to explore a topic or an idea (Saunders et al., 2012). Meanwhile, quantitative research is more helpful when there is a need to determine certain facts, or correlation between facts (Sekaran and Bougie, 2013). While qualitative research primarily addresses ‘how or ‘why’ types of questions, a quantitative approach provides an answer to the ‘what question (e.g. Saunders et al., 2009; Yin, 2003). Though quantitative research is usually applied based on a model simplifying reality, qualitative approach is by nature reflecting on reality. Quantitative approach is particularly helpful when conducting research on a broader scale, since results obtained through a well conducted statistical testing are safer to generalise (e.g. Bryman and Bell, 2011; Saunders et al., 2009). However, results of qualitative research may show the reality in more detail but have limited generalisability.

Table 5.2: Quantitative Versus Qualitative Research Approach

Assumptions		
Criteria	Quantitative Approach	Qualitative Approach
Basic beliefs about the nature reality	·There is one objective reality that is not dependent on human interpretation	·There are multiple realities, reality is not purely objective, and does not exist independent of the researchers
Main Research Paradigm	·Positivist	·Constructionism
Research Methods	·Experiment · Survey	·Grounded theory ·Action research ·Ethnography ·Case study

Quality Assurance	<ul style="list-style-type: none"> ·Reliability: internal and external ·Validity: construct, context ·Sampling: random and deliberate 	<ul style="list-style-type: none"> Construct validity, confirmability, internal validity/credibility, external validity/transferability, reliability/dependability Sampling: purposeful
Key Characteristics	<ul style="list-style-type: none"> ·Mainly deductive approach used to test pre-specified concepts, constructs, and hypotheses that make the theory. ·The objective is to provides observed effect of a problem ·Number-based ·It is less in-depth, but more breadth of information across large number of cases ·Fixed response options ·Statistical tests are used for analysis ·Largely depends on measurement device or instrument employed ·Results can be generalisable 	<ul style="list-style-type: none"> ·Primarily inductive approach used to formulate theory ·The approach subjectively describes a problem or condition from the point of view of those experiencing it. ·It is text-based ·More in-depth information on a few cases ·Unstructured or semi-structured response options ·No statistical test ·Largely depends on skill and rigour of the researcher. ·Results are less generalisable

Source: Author Based on Review of Relevant Literature

While quantitative approach (e.g. positivist philosophies) and qualitative methods (e.g. interpretivist stance) are regarded as opposing and polarised perspectives (e.g. Bryman and Bell, 2011; Saunders et al., 2012), these approaches are used as a complementary research approach.

Following the discussion of quantitative and qualitative research approach, the methodological approach tends to view quantitative method as objective reality that is not dependent on human interpretation (e.g. Bryman and Bell, 2011; Collis and Hussey, 2014). Therefore, prior to selection of a research approach (e.g. quantitative, qualitative or mixed methods), there is need for understanding of the strengths and weaknesses of each approach along with its philosophy. The next section explains and justifies the choice of the quantitative method as most suitable for addressing the present study.

5.2.6 Rationale for the Choice of Quantitative Approach

This section clarifies the rationale for the choice of quantitative method, based on the careful consideration of both the merits and its demerits, and context of the present research. The key driving factor for the selection of this approach is because of the fit with methodological, research goals and research strategies (see Bryman and Bell, 2011; Saunders et al., 2009). Although, other parameters such as external constraints (e.g. finance and time), as well as the researcher's capabilities (Sekaran and Bougie, 2013) were also taken into consideration.

In terms of quantitative research, survey method was selected as most appropriate method for addressing this study because of the following reasons: (i) quantitative approach is particularly useful for hypotheses testing (ii) findings of the explanatory research synthesised with previous theories, with specific research hypotheses, which can only be tested through survey research. (iii) Generalisability offered through a large-scale survey was required for investigating the perceived role of CSR and CSP on social performance outcome for the two main stakeholders (employees of MOC and host communities) in Nigeria oil industry. (iv) Survey method is generally considered the most cost-effective data collection method when conducting research across widely disperses population like Nigeria.

In addition, the choice of quantitative method is required because this study intends to test and validate already constructed theories about how and why phenomena occur (e.g. Bryman and Bell, 2011), generalise research findings when the data are based on random samples of sufficient size. Moreover, the approach is useful for obtaining data that allow quantitative predictions to be made, provides precise, quantitative, and numerical data. Quantitative method is relatively less time consuming when analysing data. The results are relatively independent of the researcher; results in most cases always believe to be credible, and it can be used to study large number of people (e.g. Saunders et al., 2009).

In sum, the above are the rationales for adopting quantitative research in this study.

5.2.7 Deductive versus Inductive Process

The nature of the present study requires the need to give adequate attention to the methodological consideration of the research process. The most important thing about approaches aside their role in gathering data, also involves how the research intends to engage the theory with the aim of adding to the body of knowledge. Deductive reasoning starts with general theory and then apply the theory to real life situation while inductive is the process of observing specific phenomena and then arrives at general conclusions (Bryman and Bell, 2011; Sakaran and Bougie, 2010).

Deductive approach adopts a manner of reasoning whereby the conclusion of research logically flows from the tentative premises, proposition or assumptions draw from existing theories (Saunders et al., 2012). Whereas, inductive approach is a process of reasoning which begins with critical observations of the world, and then moves systematically towards abstraction and generalisation about the phenomena or idea observed (Neuman, 2003). In addition, deductive approach is a logical and systematic process of reasoning from general to specific method commonly called top-bottom approach in research because the methodical process is like waterfall (Burney, 2008). In contrary, inductive approach commences with observations of phenomenon and finishes with formulation of theory at the end of the research (Goddard and Melville, 2004).

Considering the nature of this research, deductive approach is the main study approach because the process started with the review of literature leading to development of theoretical framework which forms the basis for constructing hypothesis from CSR and stakeholder management to determine causality against the empirical evidence (Collis and Hussey, 2009; Iacobucci and Churchill, 2010; Saunders, 2009). Moreover, research that is built on theories, laws or rules is better investigated using the deductive approach thus, deductive approach is more suitable for this study considering resource and the context in which the present research conducts its investigation. The idea of the researcher is related to the finding in the stock of theory and the research findings associated with a certain domain of enquiry (Bryman and Bell, 2011). Figure 5.1 shows the deductive process adopted in the present research.

Figure 5.2: Deductive Process in Quantitative Research



Source: Bryman and Bell (2011) *Business research methods* 4th edn. New York: Oxford University Press p. 11.

Figure 5.2 shows how conceptualisation of research problem assist to develop theory to test hypothesis that best provides an answer to research questions. Therefore, data collection method (self-administered questionnaire) is employed in the gathering of information for this study, followed by research findings and confirmation or rejection of hypothesis. Overall, revision of the theory provides an explanation of how the theory can solve the research problem.

5.3 Choice of the Studied Measures

Recently, considerable attention is given to CSR as a construct, albeit, research on the measurement of CSR remains scarce. Although, there are few attempts to measure CSR construct (Graves and Waddock, 1994; Michelon et al., 2013), but there is need for proactive step to improve on the measurement for CSR. CSR measures are hindered because of lack of clarity in theoretical frameworks and empirical methods of the CSR

construct (Hussein, 2010; Turker, 2009a), and there is more argument in the literature regarding the fact that the empirical study relating to CSR measurement is still at underdeveloped stage.

This study made effort to justify and subsequently prove the relationship between measurement items and the construct. The present study research instrument was based on the critical review of the conceptualisation of CSR. As a result, the present research considered the need for study measurement to provide operational definition of CSR. Korhonen (2003) argues on the difficulties in measuring CSR construct. Similarly, Sekaran and Bogue (2010) see measurement of variables in the theoretical framework as an integral part of research, indeed, an important aspect of research design. Measurement of social performance by corporation has remained an interesting area of research all over the world (Kansal and Singh, 2012), therefore, CSR disclosure provide information on the activities of the companies to the various stakeholders showing their sensitivity to the needs of the society.

The present research instrument is conceived based on a critical review of both the conceptualisation and practical literature review of CSR construct (see Aupperle et al., 1985; Bowman, 1978). In addition, evidence for the instrument obtained from several sources to provide guidelines for the researcher to specify CSR construct. This study measurement is CSR and corporate social performance (CSP) based on social performance outcome. The major issue is the sign of relationship between variables and the direction of causation that provides an understanding of influence of the relationship. Specifically, linkages between CSR strategies to stakeholder management and corporate social performance indicate whether the relationship between the concepts is positive, negative or neutral. CSR disclosures are synonymous with various names such as sustainability, responsibility, environmental, and accountability reports, social accounting or more recent terminology corporate citizenship (Parker, 1986). Margolis and Walsh (2003) noted that between 1972 and 2002, 127 published studies empirically examined the relationship between companies' socially responsible conduct and the firm's financial performance. Indeed, CSR- performance results remain robust to

corrections for endogeneity arising out of either a reverse causation that runs from performance to CSR (Erhemjamts et al., 2012).

Mackey et al. (2007) argue that as a way of resolving the conflict, some forms of socially responsible behaviour may improve the present value of the firm's future cash flows and, thus, consistent with the wealth maximizing interests of the firm's equity holders. Margolis and Walsh (2003) observed that corporate social performance is regarded as independent variable, predicting financial performance, in 109 of the 127 studies. The studies indicated that almost half of the results, (54) signified positive relationship between corporate social performance and financial performance. Meanwhile, seven studies indicated a negative relationship; 28 studies reported non-significant relationships, while 20 reported a mixed set of findings. In addition, the study shows that corporate social performance treated as dependent variable, predicted by financial performance, in 22 of the 127 studies. Majority of the results (16) reported a positive relationship between corporate financial performance and social performance. Hence, the present research treated CSR as an independent variable (see Aupperle et al., 1985; Bowman, 1978; Fry and Hock, 1976; O'Neill, et al., 1989), while corporate social performance (CSP) perceived as dependent variable for the present study measurement (e.g. Cowen, et al., 1987; Fry, et al., 1982; Mills and Gardner, 1984).

Hussein (2010) argues that corporate executive can measure CSR within their respective organisation by using some indicators. Among the indicators are building profit metrics set by stockholders, assessing product and service quality, benchmarking fair pay standards, measure against industry standards, establishing mission and policies, return on investment (ROI) to society, comparison of values with practice, surveying stakeholders, number of regulatory infractions, measurement by objective third party, contribution to charities, and staff time spent on non-profit activities.

For this study, Hussein (2010) measure of CSR is adapted using four indicators: compliance to industry standards, CSR initiatives, corporate legitimacy, and regulatory infractions. This research uses a selection of four measurement indicators to provide a clear research boundary because of limited resources and the context of the industry environment. While the limited resources in this case include the researcher's time and

money, the context of the industry environment for this research differs from Hussein (2010). In Hussein (2010), the researcher used executive panellists from high technology environment in Silicon Valley, California. This research relates to a less developed country area called Niger-Delta in Nigeria and the adapted indicators for this research are adequate to assess the corporate social performance of oil industry in the Niger-Delta of Nigeria and to control other factors that may affect CSR. The researcher collected annual accounting reports of the four oil companies in the process. Consequently, the present research extensively reviews literature on several measures of CSR developed by earlier researchers to provide better understanding of different CSR measurement (see Bollen, 1989; Bollen and Lennox, 1991; Hussein, 2010; Jo and Harjoto, 2012).

A multi-method strategy such as combination of primary data (survey) and secondary data (peer review articles, archival information, quality daily newspapers, text books and official statistics) are adopted, in order to enhance the internal validity and clarification of results (Bryman and Bell, 2011; Collis and Hussey, 2014; Saunders et al., 2007). Additionally, in the reviews of empirical research of CSR measures, Carroll (1999) argues that there are efforts in place to develop appropriate CSR definition and construct. These measures are taking by improving on research design and exploring new methodologies (Cochran and Wood, 1984; McGuire et al., 1988). However, the adoption of better measures and technique in this study represents an attempt to apply new methodology for developing CSR measures. The present study explores several techniques in relation to understanding of different measures of CSR. At the initial stage, the researcher engages in extensive review of literature on previous studies of CSR definition and measurement. Thereafter, extensive literature reviews on study of measurement related issues conducted. Literature review further revealed that previous studies of CSR are mostly conducted from the perspective of developed countries, and little in emerging or developing countries.

5.3.1 Previous Work on CSR Measures

Previous research has yielded mixed results regarding the relationships between CSR and measure of firm performance (McGuire et al., 1988). Those conflicting results may

be derived, in part, from differences in research methodologies and measures of CSP (McGuire et al., 1988). However, the outcome of management processes, firm strategic planning to the implementation of the plan, underpins the measurement of CSP (Fauzi et al., 2010). Few studies attempted to develop CSR scales, but ignored the actual construct (Huang, 2010; Jo and Harjoto, 2012). Earlier studies also focus more on effect indicator model, rather than causal indicator model (Bollen, 1989; Bollen and Lennox, 1991). However, for this study, CSR construct is investigated using the measurement adapted from Hussein (2010) to guide the researcher and to provide a better understanding of CSR measurement, to help identify gaps in the literature. Nonetheless, full discussion of CSR and CSP measures stress below.

5.3.2 Measures of Corporate Social Responsibility (CSR)

CSR is measured by assessing the effect of stakeholder management and CSP of MOC in several categories, each corresponding to a separate items variable. For each of the items, the survey asked about the degree to which the company's CSR influence relative to the industry average. The main independent variable in this study area is CSR using indicators adapted from Hussein (2010). Similarly, Enrique et al., (2012) analyse the dual nature of social cause- brand fit by studying the influence of two cause- brand fit categories, functional fit and image fit on the formation of brand CSR consumer perception. Boddy et al. (2010) investigate the influence of corporate psychopaths on CSR and organizational commitment to employees. Nevertheless, measures that link firms' CSR priorities to stakeholder preferences are not available in the extant literature, as a result, researcher may be opportune to create measures himself (e.g. Michelin et al., 2012).

The level of CSR prioritization and corresponding resource allocation varies across organisations since organisations attempt to link their CSR initiatives to the preferences of their stakeholders (Hillman and Keim, 2001). On the other hand, Dolores et al. (2014) stressed that the measurement of CSR is still the object of study in spite of its clear limitations. In the research community, many authors have ventured into this field of measurement to quantify and evaluate CSR actions (see Bollen, 1989; Bollen and Lennox, 1991; Hussein, 2010; Jo and Harjoto, 2012; Michelin et al., 2012). Zahra and

La Tour (1987) assert that there is emerging consensus that an overall summative measure may obscure the importance of its pertinent dimensions. In fact, “poor measures may cause theoretically meaningful relationships to be rejected in the face of insignificant statistical results caused by inadequate operationalization” (Zahra and La Tour, 1987, p. 459). Specifically, CSR as a multidimensionality construct, is well acknowledged in the literature based on position (context) in which the study was conducted (e.g. Aupperle et al., 1985; Carroll, 1979; Turker, 2009b; Zahra and La Tour, 1987).

5.3.3 Justification for the Choice of CSR Measures

Measurement error is widely recognised as the potential source of estimation bias in surveys (Da Silva and Skinner, 2014), and correcting for such bias requires information about the measurement error process and this is often difficult to obtain. As a result, the choice of the measurement indicators (compliance to industry standards, corporate legitimacy, regulatory infractions and CSR initiatives) for the present research adapted from Hussein (2010) provides a clear research boundary following limited resources at the disposal of the researcher and the research context. The measurement indicators for this study depend on the information, data, and the context of the industry environment. The researcher considers the relationship between these new variables with other related variables in a multivariate analysis, considering the complex nature of this study design. Consequently, adaption of Hussein (2010) measures of CSR provides a guide for the choice of the present study measurement. Therefore, the researcher made effort to adapt those indicators out of other numerous indicators of CSR measures propounded by the author in the context of Nigeria business environment.

Compliance to industry standards provides the researcher an opportunity to make comparative analysis of the compliance level of oil industry in Nigeria particularly in relations to the Western world. Taken a cursory look at the CSR practice in the western world where CSR initiatives is well embraced and incorporate as part of corporate objectives of most of the corporations. Whereas, in most developing countries like Nigeria where the CSR issues is nothing, but philanthropy, rather than part of corporate objectives. Therefore, it becomes imperative for the present research to measure social

performance of MOC to the level of compliance to industry standards to provide an opportunity to better compare and provide recommendation to Nigerian government, as well as all stakeholders in Nigeria oil industry.

Furthermore, CSR initiatives as an indicator for CSR measures is determined in the present research by the number of time that oil firms contribute to the need of the communities in term of provisions of hospital, scholarship to the indigent students, and provisions of pipe-borne water to the communities, etc., in Nigeria oil region compared to their parent companies abroad. Where CSR initiatives have almost become part of the existence of corporations in the developed world, however, in Africa, particularly in Nigeria, the need to identify with the less privileged in term of CSR initiatives is at the low ebb. Therefore, the choice of CSR initiatives as an indicator for measures of CSR in the oil industry is paramount to the understanding of CSR in Nigeria context.

The corporate legitimacy as an indicator for measuring CSR in this study helps to determine how MOC is doing in term of acceding to societal norms and expectations by acting in a way that community believe is appropriate for the oil industry. An organisation maintains its legitimacy, when it provides the services required by the community, irrespective of how the corporations act. In addition, if the corporation failed to comply with the societal norms, the implication is that conflict might keep reoccurring between the corporation and the community. Based on this, the relationship between MOC and host communities may be affected. Nevertheless, if the parties obey the rule of the game, particularly, when both comply with the rule, the implication is that the legitimacy right of the corporation will be guaranteed in the community. Meanwhile, corporation can earn legitimacy based on how the community perceived the firm in term of their performance of CSR initiatives. Therefore, the choice of corporate legitimacy as a measure of CSR in Nigeria oil industry is essential for understanding of CSR practice in Nigeria.

The fourth indicator of CSR measures is regulatory infractions. The factor indicates the frequency of violations of law and regulations by the oil companies in their domain of business operations in Nigeria. The present research intends to examine how regulatory infractions have hindered proper implementation of CSR initiatives in Niger-Delta

region of Nigeria. In conclusion, not all the indicators of CSR measures as propounded by the author are applicable to the present research, because the study objective differs, and the context upon which the study was conducted completely different from each other. In fact, the organisations studied differ and the research question often helps to identify and determine the appropriateness of the CSR measures in the present study.

5.3.4 Measures of Corporate Social Performance (CSP)

The major dependent variable in the present research is corporate social performance. However, corporate social performance is mostly difficult to measure accurately (Aupperle et al., 1985; Choi and Wang, 2009; Coombs and Gilley, 2005; Graves and Waddock, 1994; Wolfe and Aupperle, 1991; Wood, 1991). Nonetheless, company's performance can be measured in term of community relations, employee relations, environment, product, treatment of women, etc. (Graves and Waddock 1994; Roman et al., 1999 and Richard et al., 2009). Chen et al. (2008) measured corporate social performance using three indicators; that is: employee relations, environmental performance and product safety issue. However, the present research adapts Chen et al. (2008) measure of corporate social performance using three indicators: community relations, environmental performance and community perception. Previous studies that used stock-market based measures of return have reported mixed results regarding the relationship between CSR and corporate performance (McGuire et al., 1988).

Laan et al. (2008) investigate the relationship between corporate social and financial performance as an extended stakeholder theory, and empirical test with accounting measures. Cox et al., (2004) undertake an empirical examination of institutional investor preferences for corporate social performance. Earlier researchers have attempted to measure corporate social performance in several ways, including using forced-choice surveys (Aupperle et al., 1985; Aupperle, 1991; Graves and Waddock, 1994). Spicer (1978) found that firms rated high on social performance, as measured by pollution control activities, and such firms had lower total and systematic risk than less socially responsible firm did in the community. Graves and Waddock (1994) argue that to overcome measurement problems, corporate social performance should adopt uniform measure across a wide range of companies for consistency on range of social issues. As

such, Carroll (2000) thought of the different activities, structures, processes, and programs that organisations employ for which they have no statistical proof that they are valuable.

5.3.5 Justifications for the Choice of CSP Measures

The present study adapts community relations from Chen et al. (2008) as an indicator of corporate social performance, because the focus of the present study is to determine how nature of community relations can influence the social performance outcome of MOC Nigeria. Hence, the context of the research organisation is different from the study where the measurement indicator is adapted. More importantly, because of the fact that issues that relate to MOC and host communities have now become the subject of international debates. As a result, community relations as a measure of social performance will go a long way to shed more light on issue bothering on social performance between the MOC and host communities in Nigeria. Community relations as an indicator for measure of corporate social performance will go a long way to assist all the major stakeholders in the oil industry and provide motivation on how best social issues that concern MOC may be resolved to reduce the pace of conflict in Nigeria oil region. In addition, the indicator also serves as a yardstick upon which Nigerian government can bring out laws that will better regulate the relationship between MOC and host communities and provide better way of reconciling the contending social issues in Niger-Delta region of Nigeria.

Environmental performance as an indicator for measuring corporate social performance is found relevant in the present research, because of the concerned among the international community, Nigerian government and the host communities on issue relating to the environmental degradation in the community area, where the oil companies operate. This was further attest to by the recent settlement of £55million that followed a three-year legal tussle between Shell and 15,600 Nigerians from Ogoni-Land, mostly fishermen in a London court (Bala-Gbogbo, 2015). Moreover, environmental issues as an indicator of corporate social performance will assist greatly in the present study because the adapted indicators were found to be reliable and valid (Chen et al., 2008). In addition, since the intention of this study is to determine how

quality environmental performance initiatives could translate into the nature of corporate social performance of MOC in Nigeria.

Community perception is an important indicator of corporate social performance. Continue existence of the corporation within the community depend on how the community perceived the corporation in their effort to provide good CSR initiatives. The perception of the community about the corporation in relation to the concern of the community could destroy or promote the firms' operation. Thus, the reputation of the corporation could be at stake, if the corporation engage in any irresponsible act. If the community feels that corporation is engaging in any irresponsible act, indeed, community may take measure that will compel the organisation to act responsibly. The perception is an important measure of corporate social performance of any corporation, particularly, in Nigeria. This serves as an important indicator for gauging perception of the community about the Nigeria oil firms.

5.4 Research Design

This section presents research design which covers the description of different aspects of this study. Research design provides a framework for the collection and analysis of data (Bryman and Bell, 2011). It shows the blueprint for the collection, measurement and analysis of data, based on the study research questions. Nonetheless, research design indicates the connection of the study with each other and provides justification for choice of the study (Bryman and Bell, 2011; Denscombe, 2010; Iacobucci and Churchill, 2010). A research design provides logical formation or layout of an enquiry that ensures that data collected through the dominant research strategies provide adequate, reliable and credible answers to the stated research questions (Bryman and Bell, 2011; Gerring, 2007). It is the plan of how a researcher intends to go about providing answers to his/her research questions, as well as the type of data required, sources of data, data collection, analysis, findings, risk factors and ethical issues involved in the research (e.g. Collis and Hussey, 2014; Saunders et al., 2012).

Therefore, the researcher must be sure of the choice of research design as this ensures the success or otherwise of the research process. The next section shows the direction of the study, research setting and research time horizon.

5.4.1 Strategic Direction of the Study

In addition to the adopted approach, the research questions to which answers are sort also determine research design (Bryman and Bell, 2011; Collis and Hussey, 2014; Denscombe, 2010). Also, the major emphasis of the researcher when considering research strategy is the relationship between theory and research. Research strategy is an action plan for actualising the objective of a research (e.g. Saunders et al., 2012). Normally, there are three major reasons for undertaken research namely; exploratory, descriptive or causal studies (Bryman and Bell, 2011; Hair et al., 2007 and Sekaran and Bougie, 2013). As a result, exploratory research is useful when researcher intends to clarify understanding of problem (Saunders et al., 2007) or when researcher is interested in getting detail information where little of it exist (Hair et al., 2007). On the other hand, descriptive research tends to present the picture of phenomena on which researcher collected data prior to the collection of the data (Saunders et al., 2007; Denscombe, 2010; Sekaran and Bougie, 2013). Explanatory research studies on the other hand established causal relationships between variables (Bryman and Bell, 2011; Collis and Hussey, 2014; Hair et al., 2007; Saunders et al., 2007).

The present research is undertaken using descriptive and survey research designs. As a result, this study hopes to provide an understanding of the effect of CSR and stakeholder management on social performance of MOC in Nigeria through description, explanation and survey of these relationships. This combination in the present study is aimed at answering research question of the relationship between CSR and CSP in Nigeria oil industry. In similar vein, this study seeks to develop a theoretical model based on earlier research and subsequently test the model via quantitative approach (See: Boddy et al., 2010; Chen et al., 2008; Graves and Waddock, 1994). The present research shed light on numerous CSR conceptualisations as earlier discussed in the literature that are well grounded which include: Carroll (1979) four- part definition of CSR that was entrenched

into conceptual model of CSP. In addition, Wood (1991) CSP model also assists the present research in attempt to provide support in building this study model.

5.4.2 Research Setting

The present study setting is the area where research organisation is done; it could be natural environment where work proceed normally (non-contrived settings) or artificial, contrived settings (Sekaran and Bougie, 2013). The co relational studies done in non-contrived settings are called field studies, but studies conducted to establish cause-and-effect relationships using the same natural environment in which the subject under study function are regarded as field experiments (Bryman and Bell, 2011; Saunders et al., 2009; Sekaran and Bougie, 2013). However, the present research conducted in Niger-Delta area of Nigeria using field experiments. Niger-Delta area of Nigeria is selected because oil companies are predominantly concentrated in the region. Besides, issues relating to pollution and environmental degradation are common between the oil companies and host communities in the area.

5.4.3 Research Time Horizon

The next part of the research design is the study time span, and this may be cross sectional or longitudinal studies (Bryman and Bell, 2011 Collis and Hussey, 2014; Saunders et al., 2009) The major differences between the two is that the former refers to the study of a phenomenon at a particular point in time while the latter refers to the process of studying phenomenon at a multiple point over a long period of time (Bryman and Bell, 2011; Punch, 2003; Saunders et al., 2009; Sekaran and Bougie, 2013). Collection of data is pertinent to the provision of an answer to research question at a single point. Thus, data collection at a point in time will be sufficient. Thus, cross-sectional studies are designed to obtain research data in different contexts, but over the same period (Collis and Hussey, 2014). Cross-sectional studies often used to investigate economic characteristics in surveys of large numbers of organisations or people.

“A cross-sectional design entails the collection of data on more than one case (usually quite a lot more than one). Specifically, at a single point in time in order to collect a body of quantitative or quantifiable data in connection with two or more variables

(usually many more than two), which are then examined to detect patterns of association” (Bryman and Bell, 2011 p. 53).

The present research adopts cross-sectional studies approach since the study is interested in investigating the effect of CSR and stakeholder management on social performance of MOC in Nigeria. This approach is more appropriate for this study because respondents are contacted once for data collection, therefore, reduce the data collection cost compared to longitudinal approach as the former is seen as one-off approach to the data collection (Saunders et al., 2009). Cross-sectional approach is therefore less expensive, and it saves time when compared to longitudinal studies.

5.5 Research Techniques and Procedures

The present research data collection and interpretation is undertaken to provide an answer to the research questions (Bryman and Bell, 2011; Collis and Hussey, 2014; Sekaran and Bougie, 2013). This section aims at collecting and interpreting data in order to answer research questions. To achieve the present research aim, presentation of techniques and procedures employed in gathering and analysing of data are discussed below.

5.5.1 Research Population

The research population refers to the universe of the units from which the sample is to be selected (Bryman and Bell, 2011). The term “units” is employed because it is not necessarily people who are being sampled and the researcher may want to sample from a universe of the nations, cities, regions, firms, etc. (p. 176). Research population is the group of people, events, or things of interest for which the researcher wants to make inferences based on sample statistics (Saunders, et al., 2007; Sekaran and Bougie, 2013). The population of the present study is oil industry and the host communities in Niger-Delta area of Nigeria. The number of oil companies estimated at 70 (seventy) out of which MOC is eighteen (18) with estimated population of 10,000 employees (Niger-Delta Development Commission, 2015). While estimated population of the host communities in Niger-Delta region stand at 28.8 million out of which 49.5% were male and 50.5% were female as at 2006 (NDDC, 2015). Oil industry and host communities

are considered important to this study as a member of the research population because they have access to some vital information considered to be relevant to the subject under investigation (e.g. Hair et al., 2007), because of their interaction with each other in the oil industry and host communities where the oil companies operate. The chosen population shared certain commonalities which include; sited in the same geographical location (i.e. Niger-Delta area of Nigeria), and conduct the same type of business (Bryman and Bell, 2011; Collis and Hussey, 2013; Saunders et al., 2009).

The population of this study considered appropriate since majority of the oil firms operate in the same political system and affects their activities in the same way within the same geographical environment. In addition, the choice of the population mostly based on geographical proximity with each other and selected because they were in best position to provide answers to the research questions under investigation. The chosen population might have different socio-cultural orientation from their parent company, but the fact remains that those oil firms are bounded together with the same socio-cultural environment and law in the host country, where the oil companies operates (i.e. Nigeria). Similarly, the choice of the chosen population is because the researcher is from Nigeria, which makes data collection relatively easier to access. Nigeria is one of developing countries in Africa where issues of CSR have generated a lot of concerns, indeed, because of global attention on MOC on issue bothering on social and environmental performance that concern the host communities in Niger-Delta area of Nigeria.

The oil industry in Nigeria comprises oil producing firms in the country. This industry generates huge amount of revenue to the government of Nigeria, but it accounted for substantial amount of environmental issues in Niger-Delta region of the country. Meanwhile, the host communities are the area where the oil operations predominantly present in Nigeria, and the region is mostly at the receiving end to all forms of environmental degradation.

5.5.2 Research Sample

Sample is the subset of the population (Sekaran and Bougie, 2013); it comprises some members selected from it. Nevertheless, some but not all; elements of the population form the sample. The sample is the segment of the population selected for investigation (Bryman and Bell, 2011). Thus, by studying the sample, the researcher is able to draw conclusions that are generalizable to the entire population (Sekaran and Bougie, 2013). For the present research, the participants consisted of 385 employees from the big four MOC (i.e. Shell Petroleum, Chevron, Exxon Mobil and Total Nigeria) and the representatives of the host communities in Niger-Delta. In addition, of the number, 220 were males representing 57.6% of the respondents, 165 were females representing 42.4%, 247 respondents (which is 64%) were married, while the rest 138 (which is 36%) are single. One hundred and sixty(160) respondents, representing 41.6% of the participants are distributed to CEO, senior managers and senior employees of the big four MOC, 73 are males representing 45.6% of the respondents, 87 are females representing 54.4% of the respondents, 46 of the participants representing 29% had 5-9 years of working experience, 50 of the respondents, representing 31%, had 10-15 years working experience, 64 of respondents, representing 40%, had 16 and above years of working experience. Moreover, 225 of the respondents, representing 58.4% of the participants were given to the representatives of the host communities. Of the number, 147 of the respondents, representing 65% are male participants, 78 of the respondents, representing 35% were female participants. In the host communities, experiences did not really count as such since majority of the representatives of the host communities were born and brought up in the region. This study sample were selected based on the knowledge derived from the study, specifically, as the universe of the research population, and this allowed researcher to draw conclusion on the entire population (e.g. Bryman and Bell, 2011; Saunders et al. 2009). This study sample assists the researcher to undertake research with reduced stress, and save much time needed instead of investigating the entire element in the population (Collis and Hussey, 2014; Saunders et al., 2009; Sakaran and Bougie, 2013).

Table 5.3: Summary of the Respondents Demographic Profile

Variable		N	Percentage
Oil Companies:			
	Male	73	45.6%
	Female	87	54.4%
Host Communities:			
	Male	147	65.0%
	Female	78	35.0%
Total: 385			
	Male	220	45.6%
	Female	165	54.4%
Working Experience:			
	5-9 years	46	29.0%
	10-15 years	50	31.0%
	16+ years	64	40.0%

Source: Author

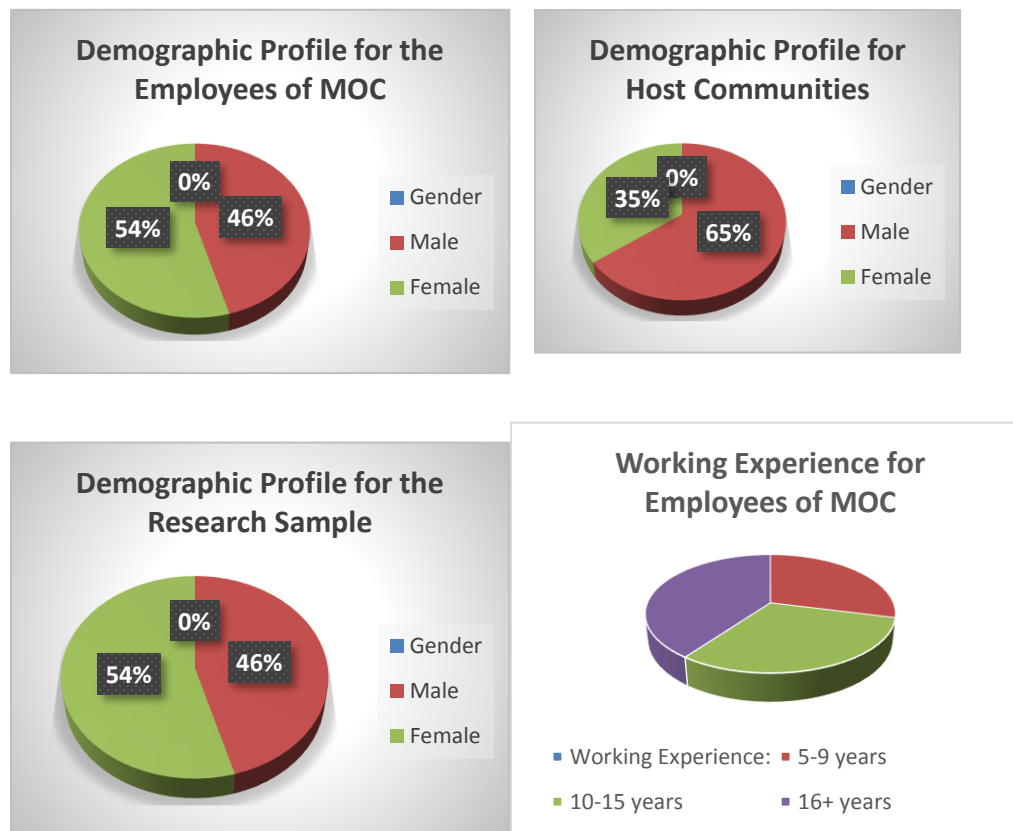


Figure 5.3: Summary of the Respondents Demographic Profile

5.5.3 Sampling Frame

Sampling frame is the list of all the units in the population from where the sample is drawn (Bryman and Bell, 2011; Iacobucci and Churchill, 2010). Although, the sampling frame is useful in providing a list of each element in the population, it may not always be current and up-to-date document (Sekaran and Bougie, 2013). It is a complete list of all the cases in the population from where the sample is drawn (Saunders et al., 2007). In the present study, the sampling frame is the big four MOC (Shell Petroleum, Chevron, Exxon Mobil and Total Nigeria) and the representatives of the host communities in Niger-Delta area of Nigeria. As a result, the chosen companies have similar characteristics, and representatives of the host communities represent the interest of host communities around the oil operation.

5.5.4 Sampling Method

The sampling method is calculated in probability or non-probability form (Sekaran and Bougie, 2013). In probability sampling, the elements in the population have some known, when there is non-zero chance or probability of being selected as sample subjects while in non-probability sampling, the elements do not have predetermined chance of being selected as subjects. Nonetheless, probability sampling designs are used when the representativeness of the sample is of importance in the interests of wider generalizability (sekaran and Bougie, 2013), which is ideal in the case of survey questionnaire.

In the present research, the selection of the subject studied is the representation of the entire population using purposive and judgemental sampling, because the sampling method enables the researcher to generalize the findings to the entire population. In addition, employees of MOC and representatives of the host communities were in a better position to provide the desired information and conform to some criteria set by the researcher (e.g. Bryman and Bell, 2011; Collis and Hussey, 2014; Sekaran and Bougie, 2013). The choice of the study sample is because of the impossibility to survey the entire population, budget constraints, time constraints and the collected data need to be processed quickly (e.g. Iacobucci and Churchill, 2010; Saunders et al., 2007).

a) Purposive Sampling

In purposive sampling, members of the sample are chosen with “purpose” to represent a type in relation to key criterion (Ritchie et al., 2014 p. 113). Indeed, with “two principal aims”; first is to ensure that all the key constituencies relevant to the subject matter are covered and the second is to ensure that within each of the criteria, enough diversity is included so that the impact of the characteristic concerned can be explored (p. 113). Purposive sampling is mostly confined to specific types of people who can provide the desired information, either because they are the only ones who have it or they conform to criteria set by the researcher (Saunders et al., 2009; Ritchie et al., 2014)

The big four MOC included in this research are Shell Petroleum, Chevron, Exxon Mobil and Total Nigeria selected because they champion the course of CSR activities in

Nigeria oil industry. Representatives of the host communities are knowledgeable and familiar with issues relating to environmental degradation between the oil companies and the host communities. Majority of the oil companies are operating in Niger-Delta area of Nigeria and are in better position to provide an answer to the research questions. Besides, the characteristics of the chosen oil companies make them significant to the oil industry and jointly responsible for the greater percentage of the oil related activities in the industry.

The representative nature of this study derived from the fact that the issues relating to CSR and stakeholder management within the oil industry in Nigeria mostly have to do with the big four oil companies (Shell Petroleum, Chevron, Exxon Mobil and Total Nigeria) and the host communities. It is worth noting that multinational exploration and production (E&P) companies are operating predominantly in the shore of Niger-Delta, coastal offshore area and lately in Deepwater (NNPC, 2014). Due to huge number of MOC and the high number of the host communities in Niger-Delta, therefore, it is impossible to administer questionnaire to all the employees of MOC and host communities in the region. This led to the selection of employees of big four MOC and representatives of the host communities using purposive sampling method in the present study.

In the present research, the choice of the purposive sampling for the representatives of the host communities was because many of the population of the Niger-Delta communities are not literate. Moreover, this study required someone who is knowledgeable and understands the issues that relate to the CSR initiatives of MOC in the region. First, the researcher penetrated the communities through a friend and colleague that work together with me as a lecturer in the same institution in Lagos-Nigeria. Due to the sensitive nature of the region, he agreed that both of us should travel to his village from where the researcher will be able to have discussion with the executive members of the communities. Fortunately, it was the day the communities' executive meeting of the region was held, and this provides opportunities for the researcher to discuss with the representatives of the host communities who were knowledgeable in their various areas of endeavours with the promised to compensate

them for completing the survey questionnaire. The researcher then agreed on the day that the questionnaire will be distributed to them and appointed date of collection. At the end, the researcher was asked to come back for the collection of the completed survey questionnaire four weeks after, and this falls on the day the next communities' meetings were held with the promise that researcher will adequately provide some incentives for completing the questionnaire.

b) Judgemental Sampling

This sampling method involves the choice of subjects who are most advantageously placed or in the best position to provide the required information (Sekaran and Bougie, 2009). The method enables researcher to use judgement to select cases that will be able to provide answer to the research questions (Saunders et al., 2007), and meet research objectives. The selected cases would have expert knowledge based of their experiences in the chosen research area (Sekaran and Bougie, 2009), and might be able to provide the needed information that may be useful to the researcher.

In addition, judgemental sampling is used when limited number of people or category have the information needed (Sekaran and Bougie, 2010), thus, opinion leaders who are knowledgeable are included in the sample.

Due to several constraints experienced in this research, notably the cost factor, timing, and fieldwork experience, a sampling procedure involving purposive and judgemental sampling was adopted in the present study. The main reason for this choice was to ensure the data collected were representative and of high quality. Judgemental sampling was employed in this study to complement the purposive sample used in the present research, more importantly, to enhance the quality of this study because of the sensitive nature of CSR in Nigeria oil-region.

5.5.5 Sample Size

The decisions about the sample size represent a compromise between the constraints of time and cost, the need for precision, and a variety of other considerations (Bryman and Bell, 2011). The decision about how large the sample size should be can be a very difficult task (Sekaran and Bougie, 2010). It might be difficult to implement survey

properly without knowing the sample size (Aaker et al., 1997). However, the decision on sample size should be a function of research objective, extent of precision, acceptable level of risk for predicting precision, variability in the population, cost and time constraints and size of the population itself. In addition, generalization about population from data collected using any probability is based on statistical probability (Saunders et al., 2007). The larger the sample sizes the lower the likely error in generalizing the results to the entire population.

Thus, the sample size depends on the basic features of the population, the information required from the survey and the cost involved (Chisnall, 1986). Sample size determines how close the sample statistics is to the true population value it represents (Burns and Bush, 2000; Tull and Hawkins, 1993). The two common methods that are used to determine the sample size include; confidence interval approach and percentage approach (Aaker, 1997; Iacobucci and Churchill, 2010).

Burns and Bush (2000) claimed that the margin of error is the amount of error that study can tolerate. For instance, if 90 percent of respondents answer yes, while 10 percent answer no, it then follows that the study may be able to tolerate a larger amount of error than if the respondents are split into 50-50 or 45-55. However, 5 percent is common choice of margin of error, because it guarantees high level of accuracy; hence, lower margin of error requires a larger sample size.

Since the present research intends to generate an accurate result of ± 5 percent.

Table 5.4 illustrates the relationship between margin of error and sample size.

Table 5.4: Sample size and Margin of Error Level

Sample Size	100	200	300
Margin of Error	(9.78%)	(6.89%)	(5.62%)

Source: Sample Size Calculator by Raosoft, Inc.

The confidential level of the sample size is the amount of uncertainty study can tolerate. As a result, the higher the confidence level, the larger the sample size required. The standard choices may be 90 percent, 95 percent or 99 percent, respectively. Table 5.5 provides the illustration of sample size and confidence level.

Table 5.5: Sample Size and Confidence Level

Confidence Level	(90%)	(95%)	(99%)
Sample Size	267	377	643

Source: Sample Size Calculator by Rasoft, Inc.

Smith (2013) noted that the confidence level corresponds to a Z-score needed for any research equation confidences levels presented as follow:

- 90% - Z Score = 1.645
- 95% - Z Score = 1.96
- 99% - Z Score = 2.326

In this research, the representative sample size of 385 was determined using the formula proposed by Smith (2013) for 10,000 estimated population of MOC and 28.8 million estimated population of the host communities selected at 95% confidence level. The sample size calculator was verified using sample size formula proposed by Smith (2013) as follows:

$$\text{Sample size} = (Z\text{-score})^2 * \text{Standard deviation} (1 - \text{StdDev}) / (\text{margin of error})^2$$

Where d = confidence level (0.05)

Z= number of standard deviation units of the sampling distribution corresponding to the desired confidence level given as 1.96 in the statistical table.

Margin of error = $\pm 5\%$

The desirable sample size for the employees of MOC and host communities is calculated as follows:

$$\text{Sample size} = (1.96)^2 * .5(1-.5) / (.05)^2 = (3.8416 * .25) / .0025 = .9604 / .0025 = 384.16$$

Sample size (n) = 385

This sample size was previously applied by Hashimu and Ango (2012) to determine appropriate sample size based on their paper on the impact of CSR on performance of multinational corporations in Nigeria. The sample size formula forecloses unpredictability of the two extremes of under-sampling or over-sampling of the target population, therefore save times, efforts and financial resources. However, the sample size drawn is not based on random sampling because a sample frame was not used (e.g. Babbie, 2010; Saunders et al., 2012). Nevertheless, to achieve a high response rate, speed, efficiency, representativeness and at the same time foreclosing arbitrariness and sample bias, purposive and judgemental samplings were found appropriate for this study.

5.5.6 Study Sampling Unit

When conceptualising research design, the researcher must also consider the primary unit of measurement and analysis in the research study (Bryman and Bell, 2011). The differences in level of analysis commonly referred to as “SOGI model” (societies, organisations, groups and individuals) (p. 67). This shows that the research question mostly determines the unit of analysis (Sekaran and Bougie, 2013). Some research designs draw samples that combine different levels of analysis (e.g. organisations and departments). Hence, the focus of the present study is on theory testing at the firm and group level of analysis for the two main stakeholders (employees of MOC and host communities). This research adopts quantitative survey-based method using senior employees of big four MOC and representatives of the host communities with separate survey-questionnaire. The researcher conceived the unit of analysis at the point of determining the present study research questions. In addition, this study data collection methods, sample size and even variables included in the framework were conscious of in

determination of level at which data were aggregated for analysis (e.g. Bryman and Bell, 2011; Saunders et al., 2009; Sekaran and Bougie, 2013).

5.5.6.1 Clarification of Employees of MOC and Host Communities

In this research, employees of MOC consist of all the categories of employees of the big four selected multinational oil companies (MOC). However, senior employees of the big four selected MOC (Shell Petroleum, Chevron, Exxon Mobil and Total Nigeria) were chosen because they were in best position to provide answer to this research questions or because they conform to criteria set by the researcher. In addition, the selected MOC were the originators of CSR activities in the oil region due to their dominance in the oil exploration and exploitation.

In other words, the host communities are the immediate environment where the oil production is carried out by the MOC. The estimated population of the host communities in Niger-Delta stands at 28.8 million (e.g. NDDC, 2015). Due to the wide spread of the inhabitants of the communities around the oil region, this research used the ‘representatives of the host communities’ as a sample of over 3000 communities that hosted the oil companies (SPDC, 2011). Representatives of the host communities in the context of this research include all the executive members in their respective communities (e.g. president, general secretary, publicity secretary and others). The decision to use the representatives of host communities in this study is because they were better informed on issue that bothered on CSR and related issues between the oil companies and host communities.

Moreover, representatives of the host communities usually represent the interest of the communities on issues bothering on environmental pollution, compensation, oil exploration, exploitation and discrimination against the host communities by the oil workers. Also, representatives of host communities are well educated and better informed about this study research questions.

Guided by the argument above, senior employees of the big four MOC and the representatives of the host communities were selected as a representative of the sample frame. In all, the chosen oil companies have similar characteristics with other oil

companies operating in the oil region, and representatives of the host communities are the umbrella body for the larger communities in Niger-Delta.

5.6 Data Collection Methods

The research data collection methods for this study are mixture of primary and secondary data. The secondary data are required mainly for reviewing literature that provides an insight into techniques, measurement and statistical tools used in prior studies. Moreover, secondary data were used to serve as empirical evidences and proofs to strengthening the findings in chapters eight and nine. In other words, this study relies on primary data purely for data analysis. Data collection methods provide the details of how specifically the data are collected (Saunders et al., 2007), and statement of how the researcher adhere to any ethical guidelines. Saunders et al. (2012) argue that all types of data available for research may be generally classified into primary and secondary data sources.

5.6.1 Primary Sources of Data Collection

The primary data are referred to as first-hand information gathered by the researcher on the variables of interest for the research (Iacobucci and Churchill, 2010). The information for the present research was generated by the researcher based on his interest, particularly on perceived role of CSR and CSP of MOC in Nigeria oil industry (Bryman and Bell, 2011; Collis and Hussey, 2014; Sekaran and Bougie, 2010). Primary data involves gathering data from the original source, such as the researcher own experiments, questionnaire survey, interview or focus groups (Saunders et al., 2012; Sekaran and Bougie, 2014).

5.6.2 Secondary Sources of data Collection

On the other hand, secondary data are data collected by “researchers who will probably not be involved in the collection of those data, for purposes that were not likely envisaged by those responsible for data collection” (Bryman and Bell, 2011 p. 313). Secondary data are existing sources, such as peer review articles, archival information, quality daily newspapers and official statistics and text books (Bryman and Bell, 2011; Churchill, 2010; Collis and Hussey, 2014; Sekaran and Bougie, 2010). Secondary data

are already developed by others (e.g. Saunders et al., 2012). Other sources of secondary data are publications of professionals/institutional bodies, magazines, periodicals, published annual reports of companies, etc.

At times, the environment or settings and events may themselves be sources of data. However, this study extensively reviews articles, archival information; textbook and official statistics in Nigeria that provide necessary supports for this research and enhance the present study integrity. The primary data sourced through survey-questionnaire are the foundation for this research.

5.7 Collecting Research Data

To obtain data, quantitative research conducted in the present research are from 385 employees of MOC (Shell Petroleum, Chevron, Exxon Mobil and Total Nigeria), and the representatives of the host communities. They are used to measure the effect of CSR and stakeholder management on corporate social performance of MOC in Nigeria oil industry. Due to positivism nature of this study and the need to get a balanced view on the investigation of CSR activities of MOC, two sets of questionnaires were administered in the present study. One set to employees of MOC and second set to the representatives of the host communities to enhance internal validity and reliability of this research (e.g. Bryman and Bell, 2011).

5.7.1 Survey Questionnaire Design

Sometimes, surveys are carried out based on insufficient design and planning or when no recues is given to the design at all (Oppenheim, 1992). As a result, ‘fact gathering’ can be exciting and tempting activity for the researcher which questionnaire opens a quick and easy avenue. Poor survey design might not be recognised until the result is interpreted. This often abounds with ominous conclusion based on faulty inferences from insufficient evidences which are incorrectly collected and erroneously assembled (p. 7). When the survey is confined to a local area, a better way of collecting data is to personally administer the questionnaire (Sekaran and Bougie, 2013).

Questionnaires are used for descriptive or explanatory research (Saunders, et al., 2009), According to him, it enables the researcher to identify and describe the variability in

different phenomena. It is unarguable that not all the researchers understand that survey design, aside requiring some amount of technical knowledge, is a lengthy and difficult intellectual exercise in the process by which the researcher is thinking of clarifying the study objective (Oppenheim, 1992). Similarly, it is understood that for any research to take shapes, the research needs to undergo a number of refined changes because of clarity in the research thinking (Bryman and Bell, 2011; Oppenheim, 1992; Sekaran and Bougie, 2013). Nonetheless, some researches are undertaken for several months and years, but most of the surveys pass through the same stages or cycles. However, the present research is undertaking within 3-4 years based on the research procedure for doctoral researchers at Kingston University in London.

Survey is one of the oldest research technique (Babbie, 2004), reflecting on the Christian Bible that notes that Jesus was born in Bethlehem because Joseph and Mary were travelling to Joseph's ancestral home for a Roman census. Survey instrument is widely used and noted as acknowledged research method among research community. In some cases, it is structured questions (Malhotra and Birks, 2000), and it allows researcher to collect quantitative data which can be analyzed quantitatively using descriptive and inferential statistics (Saunders et al., 2007 & 2009; Sekaran and Bogie, 2013). Survey may be mailed to respondents, conducted over the phone, electronically or conducted on a face-to face meeting with the respondents (Bryman and Bell, 2011). It is very popular in business research (Sekaran and Bougie, 2013).

Self-administered questionnaire is most popular in the emerging or developing economy. It is typically, arranged into self-administered questionnaires that a respondent completes on his/her own (Sekaran and Bougie, 2013), either on paper or via the computer. Self-administered questionnaire come in several forms (Bryman and Bell, 2011). It could be by mail or postal questionnaire or when the researcher personally hands out the questionnaire to the respondents. In this study, questionnaire was personally hands out to the respondents because of inadequacy of postal system in the area of study. It is used specifically; to ensure that the completed responses are collected within a short period of time (Sekaran and Bougie, 2010).

5.7.2 Rationale for the Use of Self-Administered Questionnaire

This study choice of questionnaire is influenced by a variety of factors related to research questions and study objective (Saunders et al., 2009). The self-completion questionnaire, is said to be particularly advantageous, if the sample is geographically-dispersed, and it does not suffer from the problem of interviewers asking questions in a different order or indifferent ways (Bryman and Bell, 2011). Thus, self-administered questionnaire helps to establish rapport with the respondents (Sekaran and Bougie, 2013), and also helps to seek any clarification by the respondents on the spot. In addition, the questionnaire may be collected immediately it is completed and it may increase response rate. However, the present study understands that self-administered questionnaire is relatively appropriate for the quantitative description of attributes of larger population in which the entities are members (Groves et al., 2009), and it is less expensive, quicker to administer and lack interviewer variability (Bryman and Bell, 2007). Survey questionnaire is appropriate for the present research because the phenomenon under investigation is not directly observable, and there is need to generate responses in the form of data through the instruments.

However, one of the acceptable methods of data collection is through sample survey process for determining, with known accuracy, regarding information about large populations (Rea and Parker, 1992). Survey questionnaire gives researcher more control over the research process, particularly when sampling is used (Saunders et al., 2007). Self-administered questionnaire are useful tools when the researcher has limited resources (Sanford and Hagedorn, 1981). This method of questionnaire distribution is advantageous when the research sample is widely dispersed (Bryman and Bell, 2011; Saunders et al., 2007; Sekaran and Bougie, 2013) and self-administered questionnaire is cheaper and quicker to administer (Bryman and Bell, 2011). Indeed, no interviewer variability and there is absence of interviewer effects. Hence, the absence of interviewer effects means that one of the major cost elements in the survey is eliminated (Proctor, 2003). Irrespective of which view is correct, it is necessary to achieve high response rates at an economical cost (De Vaus, 2001). The researcher can provide greater assurance of anonymity to respondents (Bryman and Bell, 2011, Rea and Parker, 1992), However, lack of face to face interaction removes any reluctance to reveal personal

habits and feelings (Proctor, 2003), it also ensures easy coding of analysis and interpretation of data (Malhotra and Birks, 2000).

5.7.3 Weaknesses of Survey Questionnaire

Despite the overwhelming advantages of survey questionnaire method of data collection, there are some demerits in this method of data collection. While the method promotes the absence of interviewer eliminates bias (Bryman and Bell, 2011; Saunders et al., 2007), at the same time, this method eliminates the opportunity to aid respondents, if they have difficulty in answering some questions. As a result, complex questions should be avoided (Bailey, 1982), in the same way, a respondent that is tired and wishes to give up may not have the opportunity to be encouraged to complete the questionnaire (Bryman and Bell, 2011; Sanford and Hagedorn), therefore, length is an important consideration in survey and there is likelihood of missing data (Bryman and Bell, 2011; Saunders et al., 2007), Some questionnaire might not be fully answered because of inadequate supervision. Besides, there is no control over who answers the questionnaire (Proctor, 2003; Saunders et al., 2007), when survey questionnaires are given out to the respondents, and one cannot be sure if the right person answered the questionnaire.

Survey questionnaire may suffer from low response rate (Bryman and Bell, 2011; De Vaus, 2001; Saunders et al., 2007; Sanford and Hagedorn, 1998). But “response rate obtained in a study sometimes, due to combined effect of the research topic, nature of the sample, the length of the questionnaire, the care taken in implementing the particular survey and other related factors” (De Vaus, 2001 p. 127). However, self-administered questionnaire remains popular method when dealing with investigation of CSR. The review of relevant literature in *Journal of Business Ethics*, *social responsibility Journal*, *Business Quarterly*, *Academy of Management Journal*, *Journal of Business Research*, *African Journal of Economics and Management Studies* revealed that most of these authors employed survey method (e.g. Ruf et al. 1998; Singhapakdi et al., 1996; Turker, 2009a).

5.7.3.1 Social Desirability Bias

One of the significant problems with CSR research is Social Desirability Bias. This idea represents the tendency of individual to answer the survey questions, so that they look good in their own eyes and in the eyes of interviewers (de Vaus, 2001). It is the process whereby respondents present themselves favourable with respect to current social norms and standards (Zerbe and Paulhus, 1987). Respondents may discuss their answers with others (Saunders et al., 2007), thereby contaminating their response. SDB is the most common and pervasive sources of bias affecting the validity of survey research (e.g. King and Brunner, 2000; Sharfman, 1996). Thus, SDB provides evidence that some respondents' answers to questions relate to their perception of the social desirability of those answers (Bryman and Bell, 2011).

Ganster et al. (1983) developed three models for the effects of SDB. First, SDB can act as an unmeasured variable that produces spurious correlations between study variables. Ganster et al. (1983) cited example that, if, SDB was correlated with both the independent and dependent variables of interest, an observed correlation between the independent and dependent variables might be due to their shared variance to SDB and not due to shared variance in the constructs. On the second note, SDB can act as a superior variable that hides relationships. For example, a real correlation between independent and dependent variables may go undetected because of SDB contamination in one or both measures. In all, SDB can act as a moderator variable that conditions the relationship between two variables.

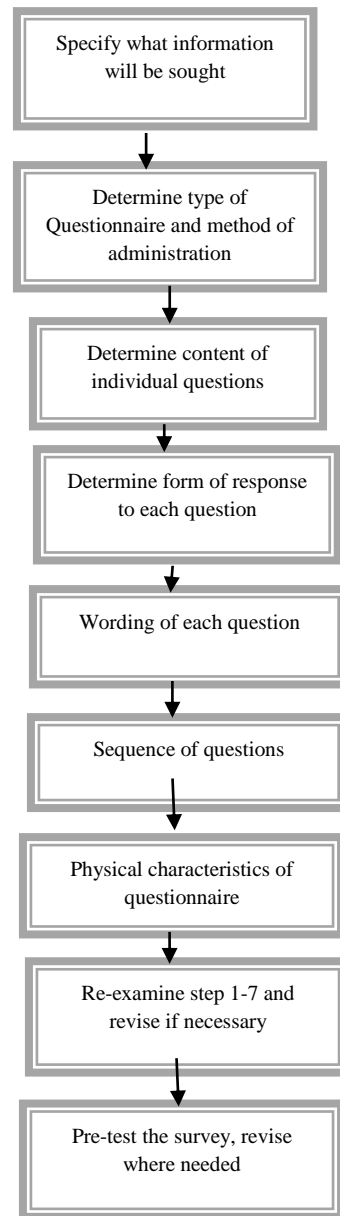
However, SDB is not adequately accounted for in ethical research, because various method earlier employed to eliminate SDB, among such is force choice items in which individuals are to choose between two items, both of equal degree of social desirability have been employed. In fact, there was argument that if both responses are regarded to be equal in terms of social desirability, SDB will be adequately taken care of. Individual might be different in his/her desirability of each choice. As a result, forced choice is frequently unrealistic and can frustrate respondents, leading to missing data and reduced response rates. (Nederhof, 1985),

Earlier research has demonstrated that observed levels of socially desirable responses vary with level of anonymity (Randall and Fernades, 1991). SDB has been demonstrated in studies of ethical behavior and managerial decision-making (Bryman and Bell, 2011). To eliminate SDB, it is advisable to frame the questions in a way that will enable the respondents to distance themselves from their responses (Bryman and Bell, 2011). Personal administration of questionnaire contains more anonymity than telephone or face-to-face interviews (Bryman and Bell, 2011; Saunders et al., 2007), thus, reduce SDB. However, some of these techniques are employed in this study, in order to minimize social desirability bias.

5.7.4 Questionnaire Design Process

The term questionnaire is used in different ways (Oppenheim, 1992), and some authors reserve the term exclusively for self-administered and postal questionnaires, while others include interview schedules (administered face- to-face or by telephone) under the general heading of questionnaires, to guide against thoughtful error (Kinner and Taylor, 1996). This research is guided by procedure recommended by Iacobucci and Churchill (see figure 5.3). Thus, the present study is not constrained to the suggested procedures. Nevertheless, the problem of item wording or phrasing, and of ordering the questions in a particular sequence, is common to all the research and further guarantee the reliability and validity of responses (Bryman and Bel, 2011; Collis and Hussey, 2014; Oppenheim, 1992). Sound questionnaire design principles should focus on three areas: that is, wording of questions, categorization of the variables, scaled and coded after receipt of the responses (Sekaran and Bougie, 2013), These areas are important issues in questionnaire design.

Figure 5.4: Procedures for Developing Questionnaire



Source: Iacobucci and Churchill (2010) *marketing research methodological foundation*. 10th edition. Canada: Nelson Education Limited, p. 205.

Step One

In the present research, the researcher puts in more efforts in reviewing the relevant literature to have a good understanding of the research tenacity. Following the suggestion of Oppenheim, (1992), the study research objectives used as a direction to ascertain the information necessary for this research. This stage ensures that data collected through the research instrument aid the overall research purpose. However, the hypotheses determine what information that needs to be sought and who is to provide the information because at this stage the relationship to investigate needs to be specified (Iacobucci and Churchill, 2010). In addition, the Nigerian culture further influences the choice of data collection method, mostly because of the country norms and inadequate access to modern technology (see: Bryman and Bell, 2011; Iacobucci and Churchill, 2010; Saunders, 2009).

Step Two

In any research, questionnaire may be unstructured or structured question (Bryman and Bell, 2011; Collis and Hussey, 2014; Malhotra, 1996). Oppenheim (1992) held that unstructured questions (open-ended questions) are those designed not to follow any particular choice in providing an answer to the questions. While, structured questions (closed-ended) provide the respondents a choice of alternatives (Oppenheim, 1992). Nevertheless, the present research employed structured questions as a method of eliciting information from the respondents. The researcher personally administers the questionnaire to the respondents for one week, after which the completed questionnaires were collected back four weeks of the distribution. Thus, the choice of self-administered questionnaire mostly determines by the culture, norms and access to technology (see Iacobucci and Churchill, 2010; Sekaran and Bougie, 2013).

Step Three

In this study, the content of the questionnaire includes measures of all constructs contained in this research conceptual model. Additionally, all the questions are cautiously designed to ensure that the present research adequately provides answer to its research questions and research objectives. The content that relate to CSR questions are

used to developed measure for the present research. The content of CSR and corporate social performance questions are adapted from established measures developed by earlier studies. Overall, seven items were adapted as measures of the independent and dependent variables in the present study.

Step Four

Most of the researches expected the respondent's frame of mind to be cooperative and to answer the questions honestly and carefully (Punch, 2003). Thus, range of opinion on most issues can best captured with five or seven categories (Aaker et al., 1997). The present research utilised a seven- point scale to measure most constructs involved in this study. The researcher adopts seven-point scale because it is easy to manage, fewer offensives, and it is best done with groups of respondents (Oppenheim, 1992). On the other hand, number 1, 2, 3, 4, 5, 6 and 7 are assigned to the response categories as the respondents' opinion can be treated as interval data. Consequently, favourable statements are scored 1 'strongly disagree' to 7 for 'strongly agree'.

Step Five

Iacobucci and Churchill (2010) argue that designing questionnaire is still an art, not a science. The task of questionnaire design is considered most difficult process (Bryman and Bell, 2011; Malhotra, 1996). In addition, poor phrasing of a question will cause respondents to skip over the question and not to answer it correctly (Iacobucci and Churchill, 2010) and if the questionnaire is not properly worded it could cause response error (e.g. Collis and Hussey; Malhotra, 1996), and result is biased. The present research made effort to avoid such problems by preparing the list of guidelines that applied to the present study. The present research procedure was based on the previous research work (see Bryman and Bell, 2011; Iacobucci and Churchill, 2010; Oppenheim, 1992). Some of the guidelines include: the use of simple words, avoid double-barrelled questions, avoid abbreviation, jargon and technical terms, avoid leaded words, and avoid overlapping categories.

Step Six, Seven and Eight

The physical appearance of the questionnaire can influence the cooperation of the respondents'. (Iacobucci and Churchill, 2010), If the questionnaire looks messy, respondents are likely to think that the study is unimportant and not bother to cooperate. This current study makes the appearance of the questionnaire to be fascinating to the respondents. It uses self-administered questionnaire with good appearance that is captive with well worded language that considers the country cultural orientation and norms that encourage respondents to actively involve in the current research (Oppenheim, 1992). Additionally, good covering letter that provides the intention of the research accompanies the questionnaire, with precise instruction to ensure that the respondents know how to provide answers to the questions.

In addition to step six above, the present research adopts Likert rating scale technique. As Oppenheim (1992) asserts that Likert's is primarily concerned with unidimensionality by ensuring that all the items would measure the same thing. Also, the rating aims at eliminating the need for judges, by getting subjects in a trial sample to place themselves on an attitude continuum for each statement- running from 'strongly agree' to 'agree', 'uncertain' 'disagree', and 'strongly disagree' (p. 195). Thus, from this range of categories, respondents are asked to indicate their degree of agreement or disagreement with all the statement provided in the particular question.

Step Nine

Questionnaires do not emerge fully-fledged; It can be created or adapted fashion and developed to maturity after many abortive test flights (Oppenheim, 1992). As a result, data collection should begin with adequate pre-test of the research instrument (Bryman and Bell, 2011; Iacobucci and Churchill, 2010), Pre-testing of a questionnaire is an important part of the questionnaire process (Iacobucci and Churchill, 2010; Reynolds and Diamantopoulos, 1998). Oppenheim, (1992) suggests that researcher must allow a substantial period for the construction, revision and modification of the questionnaire and any other data- collection techniques. Therefore, in the present research, pilot study is used for the pre-testing.

The present research conducted in Niger-Delta area of Nigeria, in order to use the opportunity of the study results to determine the effect of CSR and stakeholder management on corporate social performance of MOC. Moreover, to measure the level at which the communities are satisfied with the CSR initiatives by Nigeria oil industry. Similarly, to measure the number of environmental problems that is fully resolved within sphere of the oil industry. Specifically, to know the effect of industry corporate social performance in terms of community perception using the sample of big four MOC (i.e. Shell Petroleum, Chevron, Exxon Mobil and Total Nigeria) and representatives of the host communities. This study assesses the effect of environmental degradation, conflict, corruption, etc. that serves as hindrances to the successful implementation of CSR in the Niger-Delta region in Nigeria.

5.8 Scale Development for CSR

As earlier discussed in the previous section of this study, CSR is very complex to measure (e.g. Carroll, 2000; Turker, 2009a; Zahra and La Tour, 1987). Researchers should specify the domain of construct, in order to develop a valid and better CSR/ CSP measures (see Carroll, 2000; Etheredge, 1999; Singhapakdi et al., 1996; Turker, 2009b). Previous researchers have attempted to link social responsibility and organizational effectiveness (e.g. Singhapakdi et al., 1996; Zahra and La Tour, 1987).

In the present research, the work of Chung et al. (2015) Scale of Organizational and Issue Legitimacy, DeArmond et al. (2011) Industry Safety Performance in the Construction Industry: Development and Validation of two Short Scales, Ellis and Arieli (1999) Predicting Intention to Report Administrative and Disciplinary Infractions Scale, Lindgreen et al. (2009) CSR: An Empirical Investigation in US Organizations, Nowell and Boyd (2009) Sense of Community Responsibility in Community Collaboratives Scale, Obsersede et al. (2014) Consumers Perception of CSR: Scale Development and Validation, Ruf et al. (1998) The Development of a Systematic, Aggregate Measure of CSP, Turker (2009b) Measuring CSR: a Scale Development, thus, validated scales devised by these researchers in earlier studies provided a base to build this study framework. The present study adapts the authors' scales as a foundation for the

development of scale, measuring the perceived role of social responsibility and social performance (PRSRSPQ) in Nigeria oil industry.

Nonetheless, this study is consistent with the conceptualization of Chung et al. (2015), DeArmond et al. (2011), Ellis and Arieli (1999), Lindgreen et al. (2009), Nowell and Boyd (2009), Obersede et al. (2014), Ruf et al. (1998), and Turker (2009b) scales, as a result, this study position is that CSR/ stakeholder management neither adequately defines nor causes corporate social performance, but rather is one of its potential determinants. As such, CSP should be measured (Carroll, 2000). Albeit, his answer is 'yes' because 'CSP is an important topic in business and society in general, and measurement is one part of dealing seriously with an important matter' (p. 473).

CSP is perceived as a way of giving comprehensive assessment of a firm's social performance and not isolated on the firm's performance with respect to one social issue (e.g. environment, minority relations, corporate giving, and product safety) or one stakeholder (Carroll, 2000). The real question is whether valid and reliable measures can be developed (p. 473). As a result, a considerable attempt was made in this study to measure the socially responsible activities of oil corporations in both academic and business communities. Aupperle (1984) developed one of the most widely celebrated scales that measures the individual CSR values of managers as stated in Carroll's four-dimensional models. In fact, Ruf et al. (1998) affirm that this scale represents the first serious attempt to grip the multi-dimensional nature of CSR.

Though, Churchill (1979) stressed that the first step in the scale development process is to generate scale items that capture the domain of the construct. In addition, previous authors' respective scales were combined to form a template upon which this study used as foundation to develop a new scale that captures all domains of CSR/CSP constructs. Their respective scales incorporate both determinants and narrowly defined criteria, and both determinants and indicators of CSP. Because earlier authors scales were adapted, their overall scales were judged too long for this research. Therefore, the present study adapted relevant items to measure CSR/CSP indicators among the numerous measures that best capture the indicators. Meanwhile, a total of 48-item scale reflecting different dimensions of CSR and CSP in Nigeria oil industry was administered. As a result, this

study illustrates how CSR scales developed by earlier researchers are combined with those conducting in the present study to create a questionnaire instrument that is sensitive to the context and relevant to the research questions seeking to address (e.g. Bryman and Bell, 2011; Sekaran and Bougie, 2009).

The scale consists of general statements about the importance of CSR and stakeholder management on CSP in Nigeria oil industry. Included in the scale are statements reflecting the importance of CSR and CSP relative to other traditional measures of CSR which include compliance to industry standards, CSR initiatives, corporate legitimacy, regulatory infractions (*see section A of the questionnaire*). Also included are the traditional measures of CSP which include: community relations, environmental performance and community perception (*see section B of the questionnaire*). The adapted scales are one of the most frequently used and reliable measure of CSR/CSP scale. Thus, responses are obtained on a 7-point Likert-type scale from 7 (strongly agree) to 1 (strongly disagree) (e.g. Turker, 2009b; Chung et al, 2015). In all, literature on scale development on CSR shows that there are several methods of measuring CSP activities (e.g. Aupperle, 1984; Carroll, 2000; Ruf et al., 1998; Singhapakdi et al., 1996).

However, most of these methods have contributed one way or the other to CSR literature, but all the measurement scale have some limitations (e.g. Turker, 2009b). Precisely, none of these methods addresses the issue of CSR from the perspective of the present research. As earlier mentioned, this study conceptualises of CSR was based on the adaptation of previous researches on CSR/CSP scales measurement. In addition, adaptation of these scales was formed and identified to support the validation of their instruments. As a result, there is a need to develop a new scale that articulates CSR in accordance with the proposed conceptualisation framework. In the same vein, Carroll (2000) suggests that when conducting research on CSP, there are many improvements that need to be incorporated into the research, in order to make it stronger. Hence, measures of CSP must be comprehensive enough to capture all important aspects or dimensions of business-stakeholder relationships (see Carroll, 2000; Zahra and La Tour, 1987).

The present research, therefore, satisfies the condition, since this is the first attempt to combine the adapted scales that adequately measures CSR/CSP of MOC in Nigeria context to the best of the researcher's knowledge. Similarly, some of the original statements were reformulated where necessary to better fit into the context of this study (e.g. Perez and Del Bosque, 2013). This study contributes to the literature by providing new, valid, and reliable CSR scale based on the perceived role of CSR/CSP in Nigeria oil industry. The adapted statements used in survey-questionnaire were, thus, modified in terms of language, style and direction to suit this study objective (e.g. D'Aprile and Talo, 2014; Quazi and O'Brien, 2000).

5.9 Data Analysis Techniques

Data collected, edited, coded and classified into different components to facilitate better and sufficient analysis. The CSR strategy, particularly the application of its components differs, but for this study; compliance to industry standards, CSR initiatives, corporate legitimacy, and regulatory infractions adapted from (Hussein, 2010). CSP indicators adapted from Chen (2008) are community relations, environmental performance and community perception.

However, categorisation scheme is then set up before the data were typed in the spreadsheet (e.g. Sekaran and Bougie, 2010), outliers, inconsistencies and omission are then handled in such a way that the raw data are not necessarily affected. Similarly, for this quantitative research, self-administered questionnaire used to elicit the required data from sample of 385 potential respondents selected from employees of big four MOC (i.e. Shell Petroleum, Chevron, Exxon Mobil and Total Nigeria), and the representatives of the host communities. The data generated from self-administered questionnaire is analysed using descriptive and inferential statistics. In addition, the effect of CSR and stakeholder management on corporate social performance of MOC is validated by factor analysis and Partial Least Squares (PLS-SEM) statistical technique.

5.9.1 Comparison of Partial Least Squares and Covariance -Based Structural Equation Model

SEM allows researcher to model relationships among multiple predictors, criteria variables, unobservable latent variables and model errors in measurement for observed variables (Chin, 1998a). This model also allows statistical test and measurement of assumptions against empirical data. However, there are two common approaches in SEM, and these are: variance approach (PLS-SEM), and co-variance-based approach (CB-SEM) (Fornell and Cha, 1994; Marcoulides et al., 2009). PLS-SEM objective is to maximize the explained variance of the endogenous latent constructs. Whereas, the objective of CB-SEM is to produce theoretical covariance matrix, without focusing on explaining variance. Below is the Summary of the differences between PLS-SEM and CB-SEM in Table 5.6.

Table 5.6: Comparison of Partial Least Squares and Covariance -Based Structural Equation Model

Criteria	PLS-SEM	CB-SEM
Objective	Prediction –oriented	Parameter-oriented
Approach	Variance-based	Covariance-based
Assumption	Predictor specification (nonparametric)	Typically, multivariate normal distribution and independent observations (parametric)
Parameter estimates	Consistent as indicators and sample size increase (i.e. consistency at large)	Consistent
Latent variables score	Explicitly estimated	Indeterminate
Epistemic relationship between a LV and its measures	Can be modeled in either formative or reflective mode	Typically, only with reflective indicators. However, the formative mode is also supported
Implications	Optimal for prediction accuracy	Optimal for parameter accuracy
Model complexity	Large complexity (e.g. 100 constructs and 1000 indicators)	Small to moderate complexity (e.g. less than 100 indicators)
Sample size	Power analysis based on the portion of the model with the	Ideally based on power analysis of specific model-minimal

	largest number of predictors. Minimal recommendations range from 30 to 100 cases.	recommendations range from 200 to 800.
Type of optimization	Locally iterative	Globally iterative
Significance tests	Only by means of simulations; restricted validity	Available
Availability of global Goodness of Fit (GoF) metrics	The standardized root mean square residual (SRMR) is the only goodness of (model) fit measure	Established GoF metrics available (e.g. Chi-Square/diff, RMSEA, GFI, NFI etc.)
Software Application	SmartPLS, PLS-GUI, PLS Graph, WarpPLS, Visual PLS, PLS Gui, SPAD-PLS, GeSCA, Adanco	EQS, AMOS, SEPATH, LISREL, MPLUS, Lavaan, Ω nyx.

Source: Adapted from Urbach and Ahlemann, (2010), Chin and Newsted (1999) and Hair et al. (2014a)

The two approaches are different in term of underlying statistical assumptions and the nature of fit that statistic produced (Chin, 1998b; Wold, 1985). CB-SEM employs the maximum likelihood (ML) function to minimize differences between the sample covariance and those predicted by theoretical model (e.g. Sarstedt et al., 2014). The estimated parameters attempt to reproduce the observed values of covariance matrix (Chin, 1998a; Hair et al., 2011). When applying the ML function, the observed variables are required to follow a normal distribution and observations must be independent (Urbach and Ahlemann, 2010). Besides, CB-SEM is mainly used to confirm or reject theories, that is, a set of systematic relationships between multiple variables that can be tested empirically (Sarstedt et al., 2014). This approach helps to determine how well a proposed theoretical model can estimate the Covariance matrix for a sample data-set.

On the other hand, the main objective of PLS-SEM is to maximize the co-variance between the predictor latent variable and the endogenous latent variable (Hair et al., 2014a). PLS is far less restrictive in its distributional assumptions and does not require normally distributed data (Fornell and Cha, 1994). In addition, PLS can reliably estimate a very complex model using only few observations without imposing distributional assumptions on the data (Sarstedt et al., 2014). The latent variables are measured by

observed variables otherwise known as indicators, items or manifest variables (Sarstedt, et al., 2014). Prior literature argues that PLS is often regarded as a less rigorous (non-parametric test that require small sample size) compared to CB-SEM (Hair et al., 2014a).

Guided by the above argument, the researcher needs to first identify the study objective before selecting between the methods. CB-SEM is appropriate, if the study objective is theory confirmation. However, theory testing must show that the theoretical model fits the observed data (Sarstedt et al., 2014). CB-SEM is argued to be appropriate for hard modeling and its main strength is to minimize the co-variance matrix (Hair et al., 2014a). It is also confirmed that, PLS is suitable when the research objective is based on prediction. Moreover, the intention of soft modeling is to identify the best prediction of relationship between variables, also by focusing on maximizing the amount of covariance between latent variables, thereby increasing the model interpretation (Hair et al., 2014a). Although, CB-SEM and PLS-SEM though different from each other, but they are complementary statistical methods for SEM (Hair et al., 2012). Joreskog and Wold, (1982) state that the advantages of one method are the disadvantages of the other, and vice versa.

Based on the arguments between CB-SEM and PLS-SEM, this study adopts PLS-SEM because the method can be used to analyse a research model that consists of both reflective and formative constructs (Chin, 1998a). The variability of PLS allows researchers to use either reflective, formative or combination of both constructs simultaneously. PLS-SEM is a preferred method for this study because CB-SEM required that some set of assumptions needs to be fulfilled before the analysis using its software. The assumptions of CB-SEM include assessing multivariate normality of data, observing their independence, as well as variable metric uniformity (Sarstedt et al., 2014). Besides, CB-SEM required normal distribution of data and large sample size. Nonetheless, these assumptions if violated, may render results produced by CB-SEM inaccurate (Hair et al., 2012). As a result, this research found PLS-SEM more robust and convinence to use in analysing the data generated in this study.

Based on the discussion above, PLS-SEM seems to be more appropriate statistical method to assess the theoretical framework of this study based on the following:

- (i) The phenomenon which this study and the instrument used are adapted from different research context, which is relatively new (i.e. CSR and CSP dimensions).
- (ii) The main aim of this study is to predict CSR and CSP strategies that can enhance social performance outcome of MOC in Nigeria.
- (iii) Drawing from previous literature, PLS-SEM is more appropriate for this research because of the number of latent variables (where LVs =8) and complex modelling of a conceptual framework.
- (iv) PLS-SEM is employed because this study intends to apply reflective measurement model in structural modelling. In addition, PLS have the flexible capacity to address the measurement model which helps to reduce type I and type II errors. The justifications for the choice of PLS-SEM is further discussed in the next section.

5.9.2 Partial Least Squares (PLS-SEM)

PLS model assist to estimate and explain empirical measures of the relationships between the indicators and the constructs, as well as between the constructs (Hair et al., 2014a; Hair et al., 2011). In addition, PLS is used in this study because it helps to compare the theoretically established measurement and structural models. This study structural model signifies the underlying theory with their respective constructs (i.e. unobservable variables), which are presented in structural equation models (e.g. Sarstedt et al., 2014), with hypothesized cause-effect relationships.

PLS-SEM estimates assist this study to evaluate the reliability and the validity of the construct measures (Hair et al., 2014a). In contrast to CB-SEM, PLS is adopted in this study because is far less restrictive in its distributional assumptions and does not require normally distributed data (e.g. Fornell and Cha, 1994). The nature of this research

provides an indication that PLS-SEM method can reliably estimate a very complex model which is appropriate for this study. It is also said to be useful in using only few observations without imposing distributional assumptions on the data (Sarstedt et al., 2014). In PLS-SEM, the latent variables are measured by observed variables otherwise known as indicators, items or manifest variables (Sarstedt et al., 2014). As indicated in the models, the rectangles represent the raw data of the responses from the questionnaire. Indeed, measure of the theory determines the relationships between the latent variables and their respective indicators.

PLS method is useful in this research because it requires minimal demands of efforts on measurement, sample size, and residual distribution (Chin, 1998b; Wold, 1985). PLS is the method of choice for success factor studies in marketing. (Henseler et al., 2009), Fornell (1992) also asserts that it is used for estimating the various national customer satisfaction index models. PLS methodology is increasingly popular in empirical research in international marketing which suggest its level of distinctive methodological features.

Moreover, regarding other statistical methods, the users of the properties of PLS-SEM may benefit from the uniqueness of the technique, if they understand the principles underlying the methods, apply it properly, and report the results correctly (Hair et al., 2012). Based on the complexities in the application of PLS-SEM, systematic assessments of how the technique has been applied by previous researchers provide guidance, and opportunities for correction in this study. PLS is alternative and less widespread technique to SEM, and it is available for researchers doing SEM based analysis (Chin, 1998b).

Based on the argument above, the objectives of this research and degree of data validation to theory and measurements development informed its usage.

Hair et al. (2011) argue that the basic algorithm of PLS-SEM involves the following stages which serve as a guide to the researcher during this study:

- Stage 1: Iterative estimation of latent construct scores (outer approximation of latent construct scores, estimation of proxies for structural model relationships between latent

constructs, inner approximation of latent construct scores and estimation of proxies for coefficients in the measurement model)

- Stage 2: Final estimation of coefficients (outer weights and loadings and structural model relationships).

The adoption of PLS-SEM in this research as a statistical technique inform the decision to use bootstrapping. Bootstrapping is a statistical inference which relies on PLS-SEM (Streukens and Leroi-Werelds, 2016). Bootstrapping lies at the heart of developing practically relevant and academically rigorous theory and there is much to benefit from using it. Bootstrapping helps to demonstrate how to conduct statistical analysis that are frequently encountered and yet often ignored in any research (Streukens and Leroi-Werelds, 2016). PLS bootstrapping procedure is generated to test significance level and t-statistics for all paths (Ringle et al., 2015). However, t- test statistic is a standardised value that is calculated from sample data during hypothesis testing. The t-statistic result must be ≥ 1.65 , and significance at 0.01 to be accepted and any t-statistic result below it will be rejected.

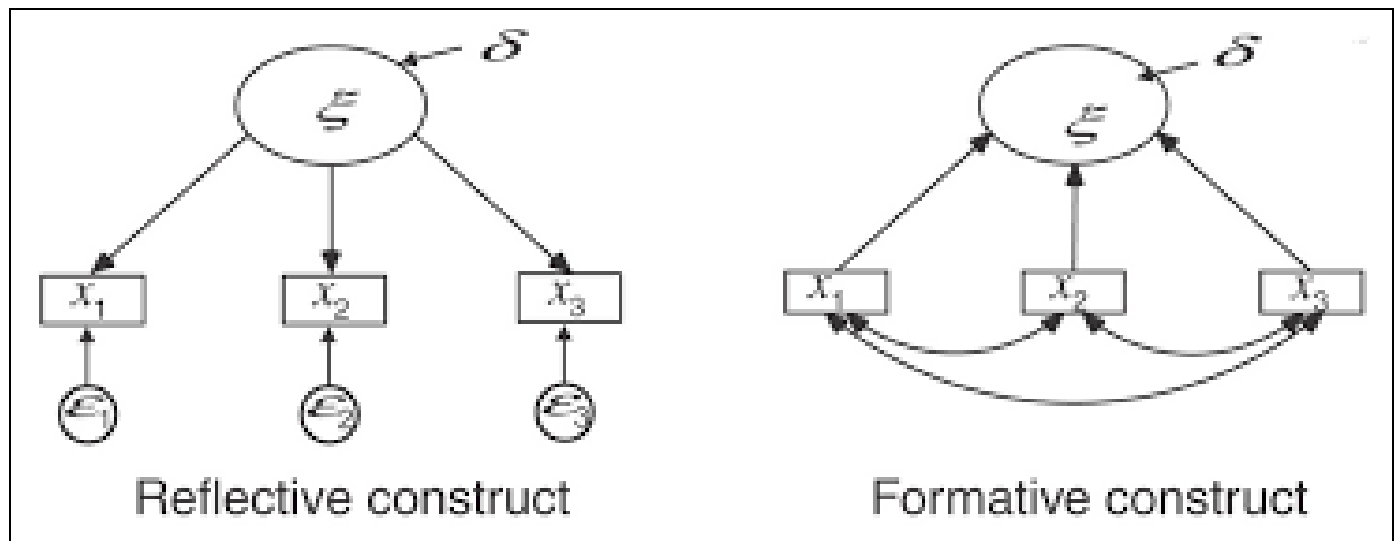
5.9.3 Reflective and Formative Construct

The main difference between reflective and formative constructs is that formative measures represent situation whereby indicators cause the construct (the arrow point from the indicators to the construct (Hair et al., 2014b p. 109). Reflective indicators are caused by the construct (the arrow point from construct to the indicators). However, a common mistake often committed by many researchers is to unintentionally apply formative constructs in the analysis of SEM (Chin, 1998b). Meanwhile, applying wrong construct will lead to Type 1 error and eventually affect the outcome of the result.

Formative measurement shows the arrow pointing from indicator variables to construct and it assumes that the indicator variables cause the measurement of the construct (Hair et al., 2014a). Moreover, formative measures are formed when the statement is related to the cause of variable, which assumes to give rise to the meaning of the latent variable (Hair et al., 2014b). In contrast, reflective measurement combined group of indicators to explain the conceptual and empirical meaning of the construct (Bollen, 2011).

Reflective measurement is said to be affected by the same underlying construct, and it also uses parallel measures that co-vary (Chin, 1998b). Reflective model is assumed when the statement is related on the effect of variable (e.g. Hair et al., 2014a), and the arrow pointing outward from latent construct on manifest variable. The diagram below shows the formative and reflective measurement model in figure 5.5.

Figure 5.5: Diagrams of Reflective and Formative Constructs



Source: Adapted from Bollen (2011) Evaluating effect, composite, and causal indicators in SEM MIS Quarterly pp. 364 & 365.

As shown in figure 5.5, it is appropriate that any construct using reflective measures must examine the loadings as they represent the correlation between the indicators and components scores (Chin, 1998b). On the other hand, for constructs with formative measures, the interpretation of formative indicators should be based on weight, as it provides information on the importance of each indicator in the formation of the component (Hair et al., 2014a).

Table 5.7 below provides guides to researchers on the choice of a suitable measurement model. In this research, all the latent variables were modeled as reflective measures because of the direction of this study and this agreed with the position of Chin (1998b) and Hair et al. (2014b). Hence, PLS-SEM is the appropriate choice in this study because

of its research objectives and methodology adopted which are modelled along the opinion of Chin (1998b).

Table 5.7 A Framework for Assessing Formative and Reflective Models: Theoretical and Empirical Consideration

Consideration	Formative Model	Reflective Model
Theoretical considerations		
1. Nature of construct	Latent construct is a combination of its indicators	Latent construct exists independent of the measures used.
2. Direction of causality between items and latent construct	Variation in the construct does not cause variation in the item measures.	Variation in the construct causes variation in the item measures.
3. Characteristics of items used to measure the construct	Items define the construct · Items need not share a common theme · Items are not interchangeable · Adding or dropping an item may change the conceptual domain of the construct	Items are manifested by the construct · Items share a common theme · Items are interchangeable · Adding or dropping an item does not change the conceptual domain of the construct
Empirical Considerations		
4. Item inter correlation	Items can have any pattern of inter correlation but should possess the same directional relationship · Empirical test: no empirical assessment of indicator reliability possible; various preliminary analyses are useful to check directionality between items and construct.	Items should have high positive inter correlation · Empirical test: assessing internal consistency and reliability by Cronbach, average variance extracted, and factor loadings (e.g. from common or confirmatory factor analysis).
5. Item relationships with construct antecedents and consequences	Items may not have similar significance of relationships with the antecedents/consequences as the construct. · Empirical tests: assessing nomological validity by using a MIMIC model, and/ or structural linkage with another criterion variable.	Items have similar sign and significance of relationships with the antecedents/consequences as the construct · Empirical tests: establishing content validity by theoretical considerations, assessing convergent and discriminant validity empirically.

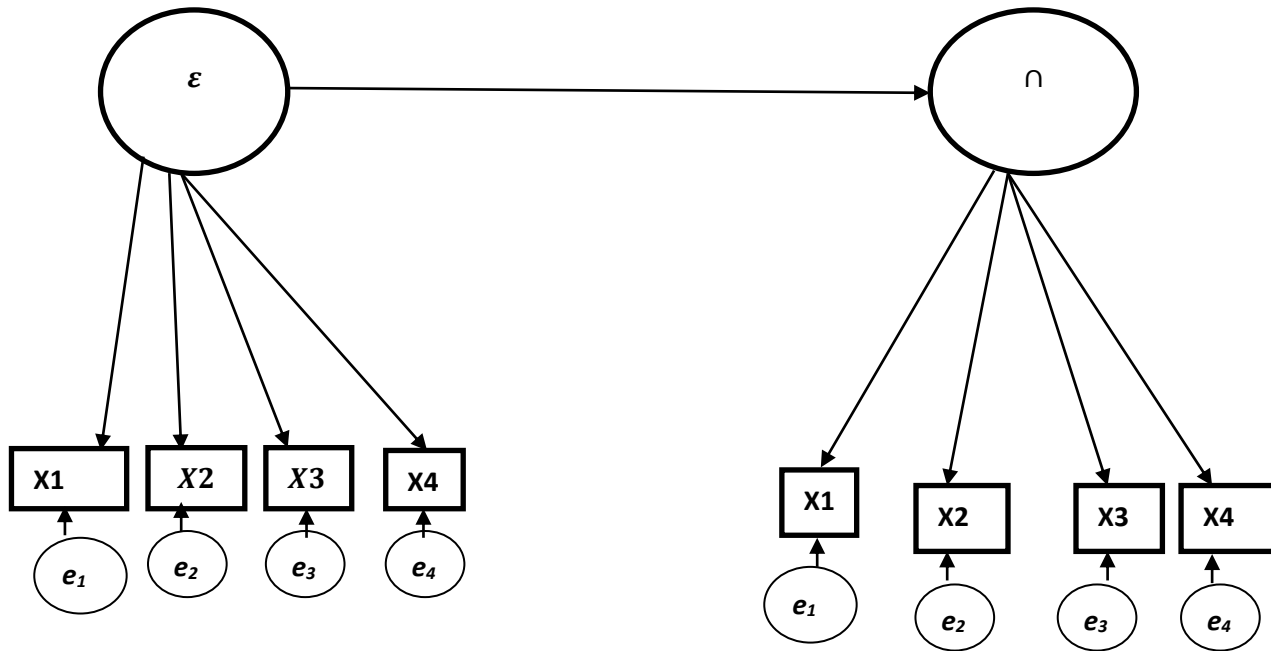
6	Measurement error and co linearity	<p>Identifying the error term is not possible if the formative measurement model is estimated in isolation.</p> <ul style="list-style-type: none"> · Empirical test: using the vanishing tetrad test to determine if the formative items behave as predicted. · Co linearity should be ruled out by standard diagnostic such as the condition index. 	<p>Identifying the error term in items is possible</p> <p>Empirical test: identifying and extracting measurement error by common factor analysis.</p>
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Source: Adapted from Coltman et al. (2008) pp. 1250-1262

In this study, discussion is centred on reflective constructs because the technique is adopted in PLS-SEM for our data analysis.

In a reflective construct, the causality direction is from the construct (latent variable) to the indicators (Chin, 1998a). Moreover, changes in the underlying constructs are hypothesized to cause changes in the indicators. Chin (1998b) argues that the magnitude at which each indicator shifts relative to the shift in the construct is based on the extent at which the indicator reflects into the LV. Specifically, this can determine by the indicator loading, which is propositional to the amount of variance in that indicator capture by the LV. Chin (1998b p.305) asserts that the idea behind reflective model considerations depends on the following: The theory behind the measurement model, how the researcher conceptualises the LV relative to the indicators. If the LV viewed is giving rise to the observe measures the arrow scheme for the model should be specified in ‘outward’ manner (*see figure 5.6*).

Figure 5.6: Diagrams of Reflective Constructs



Source: Adapted from Chin (1998b) 'PLS Approach to SEM' in G. A. Marcoulides edn. *Modern Methods for Business Research*, London, pp. 295-336.

The reflective model in figure 5.6 implies that

ε : Exogenous variable

η = Latent variable

$X_1, X_2, X_3 \dots X_n$ = are set of observable indicators

μ = is the expected effect of η on X_i

e_i = is the measurement error for the i th indicator ($i = 1, 2, \dots, n$).

Arrow pointing from ε to η = is the correlation between constructs

It is assumed that $\text{COV}(\eta, e_i) = 0$, and $\text{CO}(\varepsilon_i, \varepsilon_j) = 0$, for $i \neq j$ and $E(\varepsilon_i) = 0$ (e.g.

Diamantopoulos, Riefler and Roth 2008; Kim, 2011; Urbach and Ahlemann, 2010).

In the diagram (see fig. 5.6) the weights for each block are calculated to obtain LV component scores such that these scores can predict as much variance as possible in

their respective observed measures. For reflective measures, the loadings are examining as they represent the correlation between indicators and items scores (Chin, 1998a). This research modelled all latent variables (LV) as a reflective measure.

5.9.4. Evaluating Measurement and Structural Models

The present research employed a two-step process to analyse and interpret the PLS-SEM results, and it includes assessment of measurement model and structural model. In addition, model validation was conducted to determine whether measurement and structural model fulfilled quality criteria for empirical research work (Hair et al., 2014b; Urbach and Ahlemann, 2010). However, the following sub-sections are the guidelines used in this research models for study 1 (employees of MOC) and study 2 (representatives of host communities).

5.9.3.1 Reflective Measurement Model

Meanwhile, previous studies recommend that reflective measurement model should be accessed via reliability and validity (Hair et al., 2011; Hair et al., 2014b). In addition, indicator reliability, internal consistency, convergent validity and discriminant validity should also be examined (Hair et al., 2014a).

i. Indicator Reliability

Indicator reliability assesses the extent to which a variable or set of variables is consistent in relation to what it intends to measure (Urbach and Ahlemann, 2010). Specifically, the reliability of one construct is independent of and calculated separately from the other constructs. It is a proportion of the indicator variance that is explained by the latent variable (LV). In addition, indicator loading should be at 0.05 level of significant and the loading should be above 0.70. This is because loading value of 0.70 provides an indication that latent variable is said to be able to explain at least 50 percent of the indicator variance (Hair et al., 2014a), In the same way, loading score can be above 0.5, particularly, if the other loadings scores in the model complement the scores of average variances extracted (AVE) making it greater than 0.5 threshold (Byrne, 2010). However, extra care should be taking when eliminating indicator because indicator loading with low reliability should only be consider for elimination,

particularly if the elimination will have incremental effect on the AVE and composite reliability (CR) in the study.

ii. Internal Consistency Reliability

Cronbach's alpha (α) is a conventional assessment for internal consistency reliability (Hair et al., 2014a; Hair et al., 2014b), and it provides an estimate of the reliability based on the inter-correlations of the observed indicators. In line with working principle of the PLS-SEM, internal consistency is measure via composite reliability (CR) (Hair et al., 2014b). While, both the Cronbach's alpha (α) and composite reliability (CR) measure the internal consistency, CR does not assume that all indicator loadings are equal in population (Hair et al., 2014a). As a result, composite reliability (CR) was used in the present research to measure the reliability of indicators, however, CR scores above 0.7 is satisfactory to show internal consistency (Hair et al., 2011).

iii. Convergent Validity

Convergent validity involves the degree to which a construct converges in its indicators by explaining the items variance (Sarstedt et al., 2014 p. 108). It indicates the degree to which a measure correlates with alternative measures of the same construct (Hair et al., 2014a). In addition, this research estimates convergent validity through standardized loadings and average variance extracted (AVE). Support is provided for convergent validity when each item has outer loadings that is higher than 0.7 and each construct's AVE is 0.5 or higher (Bagozzi and Yi, 1988; Hair et al., 2011; Hair et al., 2014b).

iv. Discriminant Validity

Discriminant validity shows the degree to which a construct is different from all other constructs in the instrument (Cheung and Lee, 2010; Hair et al., 2014a; Hair, et al., 2014b; Surienty et al., 2013). The present research criterion for assessing discriminant validity is average variance extracted (AVE) of Fornell and Larcker's criterion. Nonetheless, the criterion stresses that the items should load highly on their respective construct. Two measures of discriminant validity are common in PLS-SEM: cross loading (Hair et al. 2014a) and criterion (Fornell and Larcker, 1981). Cross-loading

found by correlating each latent variable (LV) component score with all the other items (Sarstedt et al., 2014). Specifically, if each item's loading is higher for its chosen construct in comparison to other constructs, it can then be concluded that the different constructs' indicators are not interchangeable. In contrast, Fornell-Larcker's criterion requires a latent variable to share more variance with its assigned measures than with any other latent variable (LV). The AVE for each of the latent variable from its indicators should exceed that construct's correlation with other constructs; and the items should load more highly on constructs they are intended to measure than on other constructs (Chin et al., 2003).

Due to criticism of Fornell-Larcker's criterion for its low sensitivity in assessing discriminant validity (Henseler et al., 2015), or detect lack of discriminant validity in most research situations. As such, heterotrait-monotrait ratio (HTMT) correlation is proposed as alternative for Fornell-Larcker's criterion for discriminant validity assessment (Hair et al., 2017; Henseler et al., 2015). HTMT as alternative approach is based on the estimation of what is true correlation between two constructs would be (Hair et al., 2017), if the construct were perfectly measured (i.e. perfectly reliable). The HTMT approach demonstrates that the relationships of the indicators within the same construct are stronger than those of the indicators across constructs measuring different phenomena (Henseler et al., 2015). It implies that a construct is empirically unique and a phenomenon than that of other measures in which the model fail to capture. This was further supported through Carlo simulation study. HTMT was able to achieve higher specificity and sensitivity rates of 97% - 99% when compared to cross-loading criterion of 0.00% and Fornell-Larcker's criterion of 20.82% (Henseler et al., 2015).

Based on the existing empirical evidences, this research tested discriminant validity via HTMT approach. There are two ways of assessing HTMT approach, namely: (i). as a criterion (ii) as a statistical test. First, as a criterion: if the HTMT value $>$ HTMT_{.85} value of 0.85 or HTMT_{0.9} value of 0.9, this indicates a problem of discriminant validity (Henseler et al., 2015). Second, as a statistical test: HTMT_{inference} test, running the null hypothesis (where $H_0: HTMT \geq 1$) against the alternative hypothesis (where $H_1:$

HTMT < 1) and if confidence interval contains the value of 1 (H0 holds), this indicates lack of discriminant validity (see Henseler et al., 2015).

Table 5.8 Guideline for Assessing Reflective Measurement Model

	Validity Type	Criterion	Guidelines	Literature
1	Indicator Reliability	Indicator loadings	Possibly item's loading > 0.7, however, 0.5 is acceptable if other loadings have high scores of loading to complement for the AVE result and CR	Hair et al. (2011), Byrne (2010)
2	Internal Consistency	Composite Reliability	CR > 0.7 (in (exploratory research 0.6 to 0.7 considered acceptable	Hair et al. (2011)
3	Convergent Validity	AVE	AVE > 0.5	Hair et al. (2014a, 2014b, 2011)
4	Discriminant Validity	Cross loading & Fornell and Larcker Heterotrait-monotrait ratio (HTMT)	Item's loading for each indicator should be highest for the chosen construct. Square root of AVE of a construct should be greater the correlations between the construct and other constructs in the model Conceptually similar constructs: threshold is HTMT of 0.90, indicating lack of discriminant validity. Conceptually distinct constructs: more conservative threshold is HTMT of 0.85, seems warranted.	Hair et al. (2011, 2014a) Hair et al. (2017) Henseler et al. (2015)

5.9.3.2 Structural Model

In this research, structural model was assessed through the guideline provided in table 5.9. In addition, structural model was analysed via PLS-SEM. At the initial stage of structural model assessment, researcher ensures quality criterion assessments were met before progressing with structural model assessment (Hair et al., 2014a). After the reliability and validity of the outer models, this research was established (e.g. Hair et al., 2014b), researcher then proceeds to test the hypothesized relationships between the constructs proposed in the theoretical framework chapter.

In the structural model evaluation, the following criteria were adopted in the structural model assessment of (Hair et al, 2014b) for this research: path coefficients, coefficient of determination (R^2), effect size (f^2) and predictive relevance (Q^2).

Path-coefficient is the first step in the assessment of structural model. The path coefficients can be interpreted as standardized beta coefficients of ordinary least square regression (Hair et al., 2011). Path coefficients provide the indicators weights and loadings; each path coefficient's can be assessed by means of bootstrapping procedure. In addition, path coefficient represents the hypothesised relationship linking the constructs (Hair et al., 2014b). Moreover, 'path coefficient values are standardized on a range from -1 to +1 (Hair et al., 2014b). Urbach and Anleermann (2010), Huber et al., (2007) stress that path coefficient should exceed 0.1 to account for a certain impact within the model. Therefore, the closer the estimated coefficients are to 0, the weaker the relationships (Hair et al., 2014a); any low values close to 0 are usually non-significant and validating structural model can help the researcher to systematically evaluate whether the hypotheses formulated by the structural model are supported by the data (Urbach and Ahlemann, 2010).

The coefficient of determination (R^2) measure was used to evaluate the structural model (e.g. Hair et al., 2014a); it is the second step in the model evaluation. The R^2 measure the model's predictive accuracy (Hair et al., 2014b), and it represents combined effect of exogenous variables on endogenous variables. In addition, R^2 is assessed in this study since the objective of the PLS-SEM is to maximise the variance explained in the endogenous variables. Moreover, the R^2 affect ranges from 0 to 1, with 1 representing

complete predictive accuracy (Hair et al., 2014b). The value of R^2 level depends, however, on the specific research discipline (Hair et al., 2011). Thus, R^2 value of 0.20 is considered high in consumer behaviour discipline, but 0.75 are considered high in success driver studies. However, in marketing research studies, R^2 values of 0.75, 0.50 or 0.25 for endogenous latent variables in the structural model can, as a rule of thumb, be described as substantial, moderate, or weak level predictive accuracy (Hair, et al., 2011). On the other hand, Cohen (1988) suggest R^2 values of 0.26 (substantial), 0.13 (moderate) and 0.02 (weak). As such, Cohen (1988) R^2 values is adopt as a rule of thumb in this study.

The effect size also evaluates in this study using measure suggested by Cohen (1988 & 1992). In addition, the effect size (f^2) is a measure used to assess the relative impact of a predictor construct on endogenous construct (Cohen, 1992). The effect size (f^2) analyse how much a predictor contributes to (R^2) value of target construct in the structural model. Also, (f^2) is computed by noting the change in (R^2) when a specific construct is eliminated from the model, yielding the (R^2) of the full model (i.e. R^2_{included}) (Hair et al., 2014b). Moreover, the second model should be identical except that a selected exogenous construct is eliminated from the model, yielding the (R^2) of the reduce model (i.e. R^2_{excluded}). Chin (1998b), Cohen (1988 & 1992) suggests (f^2) values of 0.02, 0.15, and 0.35 are considered small, medium, and large effect sizes. The effect size is calculated using the formula below:

$$F^2 = \frac{R^2_{\text{included}} - R^2_{\text{excluded}}}{1 - R^2_{\text{included}}}$$

Upon the calculation of effect size, this research assesses the predictive relevance (Q^2) of the path model. The Q^2 is a means of assessing the inner model's predictive relevance (Hair et al., 2014b). Stone- Geisser's Q^2 value is used to evaluate the magnitude of the

R^2 values criterion of predictive accuracy in this study (e.g. Geisser, 1975; Stone, 1974). This measure shows the present research indicators model's predictive relevance (Hair et al., 2014a). Before examining the predictive capability of this study model, this research adopts predictive relevance of Stone-Geisser's (Q^2) predictive threshold. In line with Stone-Geisser's Q^2 , value of predictive relevance can be obtained using blindfolding procedure.

PLS-SEM exhibits predictive relevance and it accurately predicts the data points of indicators in reflective measurement models of endogenous constructs, and endogenous single-item constructs (Hair et al., 2014a). However, the blindfolding procedure is only applied to endogenous with reflective measurement model specification and endogenous single-item constructs. Predictive relevance is used to compare the original values with the predicted values. However, if the prediction value is close to the original values (show a small prediction error), indicating that the path model has high predictive accuracy. But if Q^2 value > 0 , the model implies as having predictive relevance (Chin, 2010; Hair et al., 2011). Q^2 value can be calculated using cross-validated redundancy (Hair et al., 2014a); it is an indirect prediction of the omitted data points of the endogenous latent variables indicators via constructs that are predictors of latent variables. Moreover, the aim is to avoid redundancy indicators and predict endogenous variables.

Table 5.9: Structural Model Assessment in Partial Least Squares Structural Equation Model (PLS-SEM).

	Criterion Name	Assessment Test	Acceptance Level	Literature
1	Path Coefficients	Path coefficient	$P < 0.05$, $t \text{ value} > 1.96$ (two-tailed) $P < 0.01$ $t \text{ value} > 1.65$ (one-tailed)	Hair et al. (2014a)
2	Coefficient of Determination	R^2	0.26- Substantial 0.13- Moderate 0.02- Weak	Cohen (1988)

3	Effect Size	F^2	0.35- Large effect 0.15-Medium effect 0.02- Small effect	Chin (1998b), Cohen (1988 & 1992).
4	Predictive Relevance (<i>Stone-Geisser Q^2</i>)	Q^2	$Q^2 > 0$ indicate that exogenous constructs have predictive relevance	Chin (2010), Geisser (1975), Hair et al. (2014a), Stone (1974)

In this study, mediation and moderation then assessed. Mediator is the medium in which the predictor influences the criterion and explains how or why such effect occurs (e.g. Hair et al., 2014a). A variable may function as a mediator when it accounts for the relationship between predictor and the criterion (e.g. Baron and Kenny, 1986), it occurs when a third construct intervenes the relationship between the two other related constructs (Hair et al., 2014b). Mediator helps to clarify the nature of relationship between the predictor and criterion variables (Hair et al., 2014a). Preacher and Hayes (2008) argue that when analysing mediation relationship, bootstrapping application should be used because it is more rigorous and powerful methods for testing mediating effect. The application of bootstrapping mediation analysis was further supported by Hair et al. (2014a), when they stress that researcher should endeavour to follow the procedure recommended by Preacher and Hayes to bootstrap the sampling distribution of the indirect effect for simple and mediating models. This method is appropriate for PLS-SEM because it makes no assumption about shape of the variable distribution of the statistic, and it can be applied to small sample sizes. In the present research, the mediating variables such as environmental performance, community relations and community perception were assessed using Preacher and Hayes bootstrapping mediation analysis (e.g. Preacher and Hayes, 2008).

'Mediation is quantified as the product of a and b (ab), where total effect of X on Y is expressed as the direct and indirect effect: $c = c' + ab$. Where c' = difference between the total effect of X on Y and indirect effect of X on Y through M (i.e. $c' = c - ab$)' (Preacher and Hayes, 2008 p. 880).

Lastly, moderator stipulates the condition under which a given effect occurs (Baron and Kenny, 1986), as well as conditions under which the direction or strength of an effect varies. Moderator variables are introduced when there is an unexpectedly weak or inconsistent relation between a predictor and a criterion variable. In moderator's analysis, consideration about categorical moderator is that it should only be used, if the variable was originally measured as categories. Moderator variable (M) is the variable that alters the strength of the causal relationship (Baron and Kenny, 1986). In this research, sex, educational background and marital status are known as categorical and moderation was measured using product indicator approach, involving the interaction terms between indicators of the exogenous latent variable with indicator of moderator variable.

5.10 Summary of the Chapter

This chapter provides the blueprint used in conducting this study in terms of the methodological considerations, that provide answers to the research questions. There was discussion of the philosophical positions of the researcher in term of ontology, epistemology, axiology and methodological assumptions. The researcher clarified the values that influence this philosophical position and how such values gathered over the years. This research design used is more of quantitative approach that involves survey questionnaire administered to the employees of big four MOC and representatives of the host communities in order enhance the internal validity and boost the integrity of the present research conclusions. The chapter also discussed the modality that led to the design of questionnaires, and the process that leads to scale development for this study through adapted scale from existing studies of CSR and CSP literature. Finally, data analyses technique (*PLS-SEM*) also discussed to provide a foundation for data analyses and result chapter.

Chapter Six

Pilot Study and Preliminary Findings

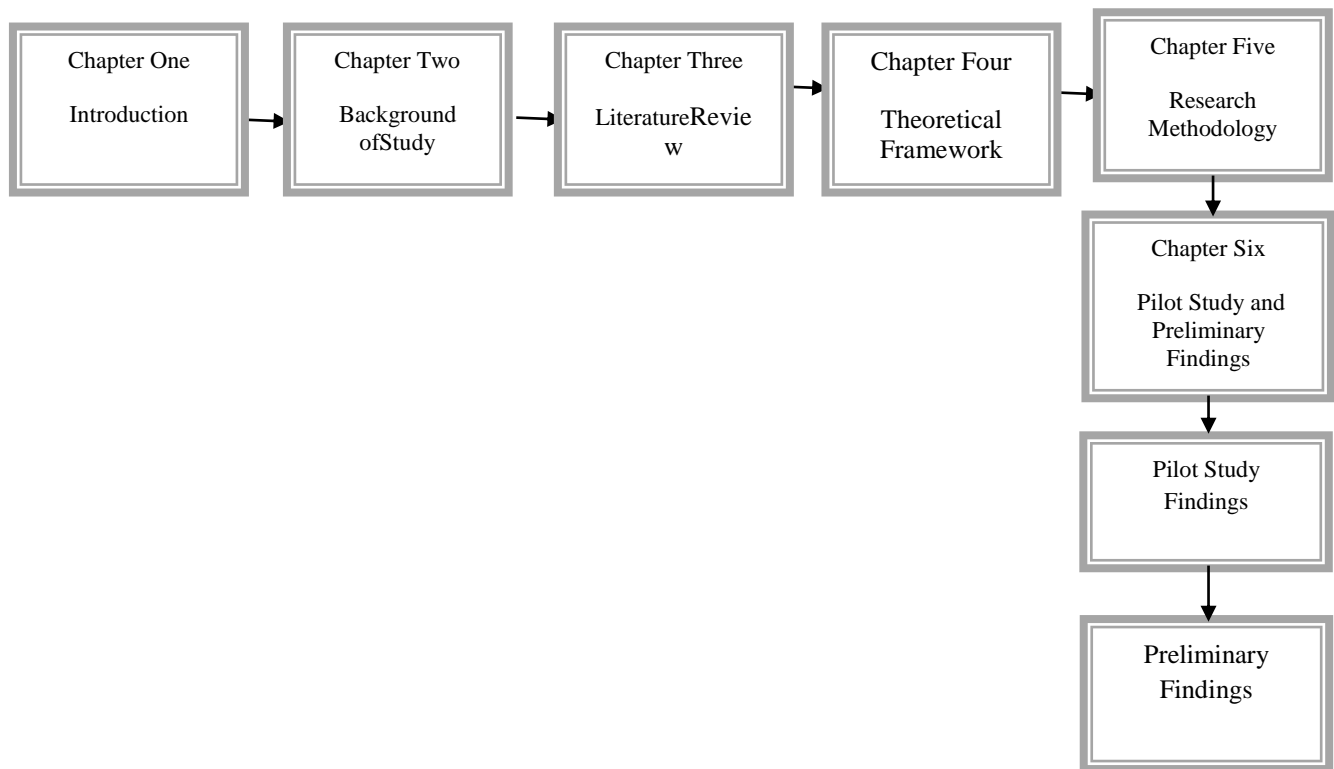
6.0 Introduction

Based on the research methodology in chapter five, this chapter discusses the pilot study and preliminary findings. The chapter contains five sections. Section 6.1 discusses pre-test study. Section 6.2 provides explanation on pilot test. Section 6.3 provides discussion on preliminary findings. Section 6.4 provides brief explanation of administration of final questionnaires. Section 6.5 concludes with a summary of the chapter.

The previous chapter described the present research methodology in preparation for the main research method, the survey. Therefore, the main purpose of this research pilot study is to establish the extent to which the instruments selected for this research accurately measure the variables of interest. However, a well-conducted pilot test with clearer objectives within a formal framework ensures methodological rigour (Doody and Doody, 2015), and subsequently, lead to higher-quality research and scientifically valid work. Pilot study contributes valuable information to this research work because it serves as a template upon which the present study emerges. Moreover, it provides opportunity for researcher to develop and enhance the skill necessary before the commencement of the larger study. As a result, the need for pilot test is a pre-condition for the conduct of the larger study, because it enables the researcher to discover the reliability and evidence of validity of the research instrument (Doody and Doody, 2015).

Figure 6.1 shows the logical sequence of previous chapters that lead to this chapter. This chapter presents two main sections: pilot study findings, and preliminary findings.

Figure 6.1: The Logical Flow of Previous Chapters to Current Chapter



6.1 Pre-test Study

At this stage of pre-test study, as recommended by (Netemeyer et al., 1996) once the questionnaire was developed in reflection of the current literature, peer reviewed by academic colleagues and supervisors who undergone the process of survey development and analysis. This exercise was carried out to ensure that clarity was obtained to guarantee that all relevant and irrelevant questions are taken care of in the survey. The feedback received was used to make adjustment in the survey, and then tested with a sample of respondents before final administration of the survey.

6.2 Pilot Study

“Questionnaires do not emerge fully-fledge; they have to be created or adapted, fashioned and developed to maturity after many abortive test flights” (Oppenheim, 1992 p.47). It is always desirable, if possible, to conduct a pilot study before administering a self-completion or structured interview (Bryman and Bell, 2011). Prior to the administration of the questionnaire to the collection of data, it should be pilot tested (Saunders et al., 2007). Pre-testing should be conducted with people with a resemblance

to whom the questionnaire will finally be given (de Vaus, 2001). Every aspect of a survey must be tried out before hand to make sure that it works as intended (Oppenheim, 1992). The main purpose of the pilot study is to investigate or establish the extent to which the present research instruments accurately capture the variables of interest. It might, therefore, be a waste of time to develop a new scale provided the existing scales in the literature can measure the variable of interest. However, for the fact that reliability information of the existing scales has been confirmed and published, but cultural differences or changes in language over time, or sample or situation differences can affect a scale (Brace et al., 2006). Whether researcher develops his own scales or intends to use an existing scale, it is always advisable for a researcher to analyse the data to determine its reliability and provide the evidence for its validity.

Once a questionnaire has been developed, each question and the questionnaire must be evaluated rigorously before final administration (Hussey and Hussey, 1997). It is important to pre-test the instrument, in order to ensure that the questions are understood by the respondents (Sekaran and Bougie, 2013). More specifically, to ensure that there is no problem with the wording or measurement. The process of evaluating the questionnaire is known as pilot testing or pretesting (de Vaus, 2001). The purpose of pilot test is to refine the questionnaire, so that respondents will have no problem in answering the questions (Saunders et al., 2007); and there will be no problems in recording the data. Pilot studies is very crucial in relation to self-completion questionnaire (Bryman and Bell, 2011), since there is absence of interviewer to clear up any confusion. When survey is particularly meant for subgroup (e.g. organisation, ethnic group) it is important to obtain feedback from key insiders, who have a knowledge of the group (de Vaus, 2001). Pilot test allows researcher to obtain some assessment of the questions' validity and likely reliability of the data that will be collected (Saunders et al., 2007).

The whole lengthy process of designing and trying out questions and procedures is usually referred to as pilot work (Oppenheim, 1992). Number of people with whom researcher pilot questionnaire and the number of pilot tests conducted dependent on study research questions, study objectives, the size of the research, resources available,

and how well initially designed study questionnaire (Saunders et al., 2007). Pilot test should be replication of the members of the sample that will be employed in the full study (Bryman and Bell, 2011). It is necessary to understand at the beginning of questionnaire design that pilot work is expensive and time-consuming (Oppenheim, 1992), but avoiding or skimping on pilot work is likely to be costlier. However, the pilot study plays a very important role to this research. Pilot testing helps in clarity, ambiguity, and difficulty in responding to question (Punch, 2003) and it helped this research to capture the respondents' level of understanding and interpretation of phrases in the questionnaire.

The literature reviews so far (Bryman and Bell, 2011; De Vaus, 2001; Oppenheim, 1992; Saunders et al., 2007), indicates the following as the main contributions of pilot study:

- i. To test for questions with low response rate
- ii. Provide indication of response rate to be expected in the final study.
- iii. To test the efficiency of instructions within the questionnaire.
- iv. Provide indication of the possible cost and duration of the main survey.
- v. Assist in evaluating how respondents understood the questions
- vi. Check the adequacy of the responses to each question.
- vii. To test if filter questions are correctly understood by respondents
- viii. Test for duplicate questions.
- ix. Test for coding of questions, particularly, open-ended questions.
- x. Test for adequacy of the questions.

6.2.1 Present Research Pilot Study

As earlier discussed in the chapter five, scales adapted in this research include: Scale of Organizational and Issue Legitimacy (Chung et al.,2015), Industry Safety Performance in the Construction Industry: Development and Validation of two Short Scales (De Armond et al.,2011), Predicting Intention to Report Administrative and Disciplinary Infractions Scale by (Ellis and Arieli,1999), CSR: An Empirical Investigation in US Organizations by (Lindgreen et al.,2009), Sense of Community Responsibility in Community Collaborative Scale (Nowell and Boyd, 2009), Consumers Perception of

CSR: Scale Development and Validation (Obsersede et al.,2014), The Development of a Systematic, Aggregate Measure of CSP (Ruf et al.,1998), Measuring CSR: A Scale Development (Turker. 2009b). However, validated scales devised by these researchers in earlier studies provided a base to build this study framework.

The pilot study of this research questionnaire was conducted in September 2015. Each oil firm was contacted to identify the most appropriate person to send the survey questionnaire. This was invariably a senior employee of the oil firms and the educated members in the host communities. In fact, the contact addresses of those who were interested in the pilot test were requested for and provided. Thus, this assists in ensuring the smooth conduct of the exercise. A letter was sent to everyone explaining the purpose of the study and seeking his/her participation in answering the questionnaire. The survey was given out to the individual by tracing his/her contact addresses as earlier collected from them. Respondents were also informed in the letter that they have the option of completing the survey after which the researcher will come back three weeks after to recover the completed questionnaire or drop it in a designated point with the receptionist.

6.2.2 Findings from Pilot Study

This section outlines the results of the test pilot and the implication of these results on the final survey. The response rate from the pilot test is discussed. Afterward analysis of the completed questionnaires highlights certain issues within the survey, including questions with low response rate, questions containing response bias, inadequate response options and duplicate questions.

6.2.2.1 Response Rate

The total response rate recovered from the pilot test was ninety-five percent. Thus, earlier authors sometimes argued that surveys suffer from low response rate (e.g. Bryman and Bell, 2011; De Vaus, 2001; Rea and Parker, 1992), perhaps as low as ten percent (Bailey, 1982). The response rate obtained in a particular study is mostly determined by the combined effects of the topic, the nature of sample, the length of the questionnaire, and the care taken in implementing the particular survey and other related

factors (De Vaus, 2001). The response rate recorded by this study was because CSR initiative is an issue of concern in developing or emerging economy (e.g. Eweje, 2006; Frynas, 2005; Frynas, 2010; Idemudia, 2009; Idemudia and Ite, 2006), particularly in Niger Delta area of Nigeria (Eweje, 2007). As earlier pointed out in chapter five, evidence is the recent settlement of £55million pounds that follow a three-year legal tussle between Shell and 15,600 Nigerians from Ogoni- Land, mostly fishermen in a London court (Bala-Gbogbo, 2015). Moreover, increase in the response rates experienced in this research was because this study questionnaire was clearly worded and well laid out (e.g. Saunders et al., 2007).

A response rate of 70-85% can be expected in the final administration of survey. This study aim is to collect between 280-322 completed questionnaires to ensure an adequate analysis of all research questions and conduct of Partial Least Squares (PLS-SEM) analysis. Based on this, 385 questionnaires are expected to be sent to the potential respondents.

6.2.2.2. Issues Arising from Survey Questions

6.2.2.2.1 Questions with Low Response Rate

However, none of the questions in the questionnaire proved to be an issue to the respondents based on the high response rate experience from the respondents after the pilot test. Therefore, there was no complaint with the arrangement of the questionnaire.

6.2.2.2.2. Incorrect Range of Responses

At the beginning of the questionnaire, respondents were asked to indicate words they would use to describe CSR in relation to Nigeria's oil industry. Responses from the respondents were overwhelming (i.e. "CSR contribute to the economic development of the Nigeria oil industry") because of the nature of this study, and CSR in Nigeria oil industry is reoccurring phenomenon. Besides, responses to these questions were encouraging and devoid of incorrect range of responses. Based on the comments provided by the respondents, these questions were not altered.

6.2.2.2.3 Response Bias

Questions relating to CSR initiatives received high ratings from employees of MOC; this might represent response bias because most of the oil firms wish to make themselves appear more community friendly than they are in real life. In contrast, low rating was experienced from representatives of the host communities because they argue that what MOC claimed to have provided in term of CSR initiatives does not conform to what they see in reality. The survey was anonymous which reduced the tendency for response bias (e.g. Heyder and Theuvsen, 2012), and it is expected that most oil firms focused attention on community, not only from a CSR point of view, but from a competitive point of view. However, these questions were not altered before presenting them in the final survey, because the purpose of what the survey intends to achieve did not in any way affect the original question.

Overall, representatives of host communities indicate 58.9% bias in their responses to CSR initiatives question. Moreover, employees of MOC show 75.7% response bias in their responses to CSR initiatives question. In fact, the summary of their responses to CSR initiative question shown in Table 6.1.

Table 6.1: Summary of Response to CSR Initiative Question from the Survey

Items	Mean**	Percentage**	Mean##	Percentage##
1	4.18	59.7	5.35	76.4
2	4.40	62.9	5.6	80
3	3.73	53.3	5.53	79
4	4.10	58.6	5.08	72.6
5	4.38	62.6	5.0	71.4
6	3.98	56.6	5.25	75
Overall	-	58.9	-	75.7

**Communities, ##Employees

6.4 Reliability and Validity of the Research Instrument

Another important stage in this study is to assess the reliability and validity of scales developed for the present research. Shook et al. (2004) affirm in the studies conducted on the analysis of SEM studies and found that there is need for researcher to concern himself to report reliability and validity of study instrument. Reliability is the extent to which the research data collection techniques or analysis procedures yielded consistent findings (Saunders et al.2007). Moreover, reliability is the ability of the measuring instrument to produce same results when applied repeatedly at different times within a period of time. There are different methods at the disposal of the researchers to test the reliability and validity of study instrument. This research has decided to detail the systematic processes employed to test the reliability of this study instrument and also provides the evidence of their validity.

Saunders et al. (2007) posit that validity is the extent to which data collection method or methods accurately measure what they were intended to measure. In this study, the first stage in the validation process was to use the face validity approach. However, this was achieved by presenting the scales to academic experts in marketing and strategy department, management, employees of oil companies and educated member in the host communities to comment and highlight items considered inappropriate to measure variables of interest. Hence, this method is a way to guarantee face validity of measuring instrument and the screening exercise suggested that researcher need to do away with some of the questions that were considered as inappropriate measure of the indicators of CSR and CSP. Thus, 48-items finally constitute the scale for the present research administered to the respondents. In all, by testing the reliability and validity of the research instrument, it provides researchers the opportunity to compare findings from different samples and situations (see Brace et al., 2006).

The present study adapts the existing scales developed by earlier researchers for CSR and CSP in the context of this research. As earlier discussed in chapter five, the aim of this study is to determine the effect of CSR and stakeholder management on corporate

social performance of MOC in Nigeria. Thus, literature on CSR definitions, conceptualization and models were reviewed in this study.

6.3 Preliminary Findings

The total numbers of respondents in this pilot study was 80, out of which 43 were males (53.8%) and, 36 females (45%). However, one participant (1.3%) did not indicate her gender. On age, 7 of the participants were between the age of 16 and 25 years (8.9%), 46 of the participants were between the age of 26 and 35 years (58.2%) 13 of the participants were between 36 and 45 years (16.5%), and 11 of the participants were between 46 and 55 years (13.9%). Only 2 of the participants were 56 years and above (2.5%). In addition, 43 of participants were single (55.1%), 34 of the respondents were married (43.6%). Only one respondent was divorced (1.3%), and 2 respondents did not indicate their marital status. With reference to educational background, 2 of the participants held a National Diploma (ND) (2.5%), while 53 of the respondents held a Bachelor/HND degree, 22 of the participants have a postgraduate qualification (27.5%), and 3 participants did not indicate their educational background. Table 6.2 below provides the summary of the demographic data for the test pilot study.

Undoubtedly, the demographics results of the respondents in the present research pilot study reveal that the scope of applicability of this study finding is a resemblance of the overall population in Nigeria oil region. The demographic profile in Table 6.2 further discloses that response from the respondents provide a wider applicability of the solutions generated in this research to the entire region. Also, this study finding can be generalised to all other settings, situations, or organisation in Nigeria. As a result, the research sampling design was logically developed, and other details in the data collection methods were meticulously followed (e.g. Sekaran and Bougie, 2010).

Table 6.2: Summary of Respondents Profiles from the Pilot Study

Variables	N	Frequency	Percentage (%)
Gender:	80		
Male		43	53.8
Female		36	45.0
Non-Response		1	1.3
Total		80	100
Age:	80		
16-25 years		7	8.9
26-35 years		46	58.2
36-45 years		13	16.5
46-55 years		11	13.9
66 years and above		2	2.5
Total		80	100
Marital Status:	80		
Single		43	55.1
Married		34	43.6
Divorced		1	1.3
Non-Response		2	2.5
Total		80	100
Educational	80		
Qualification:			
Secondary			
ND/NCE		2	2.5
B.SC/BA		53	66.3
Master/PhD		22	27.5
Non-Response		3	3.8
Total		80	100

Source: Field Survey, 2015

Each section of the measures was analysed with SPSS 21st edition. The generated data were, then subjected to item total correlation, and scores of each item, were correlated with total item scores at the end in which items that were strongly correlated emerged. Clearly, this method showed the extent to which the item was measuring the same construct with other items in the scale. The use of item analysis was to improve not only the convergent validity, but to check the discriminant validity of the test instrument (e.g.

Siri and Freddano, 2011). Therefore, this serves as an improvement of content validation and constructs validity (e.g. Appel et al., 1954).

Some analysts recommend factor analysis on the pilot data before embarking on the main study (Gilbert and Churchill, 1979), with the purpose of determining the number of dimensions underlying a construct; it is used to confirm whether the number of dimensions conceptualised can be verified empirically. This study further adopts Gilbert and Churchill's method for ensuring that all the dimensions conceptualised are verified.

The structure of each part of the survey was separately checked using Principal Component Analysis (PCA) and the numbers of factors extracted were based on Kaiser's Eigen value (Kaiser, 1960); the factor loadings of items were noted and applied appropriately. Thus, using item-total correlations, each item was checked for its use within the factor it belonged and within its part of the instrument (Stevens, 2003). This occurs because of combining information of the item-total correlation with the factor loadings. One item under factor 1 (i.e. perception of CSR in the oil industry) loading below the suggested threshold (e.g. factor loading <0.40 and item-total correlation with the factor <0.30) (see Kaiser, 1960). As a result, this item was deleted from the survey, thereby improving the internal consistency of the relevant factor.

Below is the summary of the results of pilot data reliability and dimensionality of the present research regarding CSR and CSP scales.

Table 6.3: Summary of Results of Pilot Data on Reliability and Dimensionality

Scales	Factor Loadings	Cronbach's Alpha
CSR		
Factor 1: Perception of CSR in the Oil Industry		0.81
Item 1: CSR contributes to the economic development of Nigeria oil industry.	0.73	
Item 2: CSR helps to preserve jobs for people in Nigeria oil industry.	0.77	
Item 3: CSR creates jobs for people in Nigeria oil industry.	0.73	
Factor 2: CSR as Compliance to Industry Standards		0.89
Item 1: Our oil companies apply appropriate work practices to reduce exposure to dangers by the employees	0.53	
Item 2: Our oil companies use appropriate protective equipment as indicated by the health and safety plan in the industry to	0.69	

protect the employees		
Item 3: Our oil companies take appropriate steps if prevented from or punished for exercising your right in the company.	0.49	
Item 4: Our oil companies appropriately report injuries, accidents, or illness in the company.	0.71	
Items 5: Our oil companies explain to other workers to report safety violations in the company.	0.73	
Item 6: Our oil companies take action to stop safety violations in order to protect the well-being of the employees.	0.77	
Factor 3: CSR as CSR Initiatives		0.90
Item 1: Our oil companies put the interest of the communities into consideration before taking business decisions.	0.48	
Items 2: Our oil companies provide financial support for education in the communities.	0.74	
Item 3: Our oil companies help to reduce poverty rate in the communities.	0.65	
Item 4: Our oil companies improve the quality of life in the communities.	0.74	
Item 5: Our oil companies provide money for charities in the communities.	0.68	
Item 6: Our oil companies provide financial support activities for arts, culture and sports in the communities.	0.70	
Factor 4: CSR as Corporate Legitimacy.		0.84
Item 1: Our oil companies have positive opinion about corporate social responsibility initiatives to community	0.46	
Item 2: Our oil companies believe that it is good to follow government regulations.	0.51	
Item 3: Our oil companies do a good job by extracting oil in the community.	0.66	
Item 4: Our oil companies are honest with the community.	0.58	
Item 5: Our oil companies are necessary part of the community.	0.62	
Item 6: Our oil companies' benefits to community outweigh the problems.	0.57	
Factor 5: CSR as Regulatory Infractions.		0.88
Item 1: Our oil companies properly handled reports of violations or irregularities in the company.	0.58	
Item 2: Our oil companies' employees adequately report violations to the company.	0.69	
Item 3: Our oil companies' heads expect employees to report violations and irregularities to the company.	0.76	
Item 4: Most often we feel that our company expect us to report violations and irregularities.	0.74	
Item 5: Our oil companies take unreported violations in any	0.67	

company unit serious.		
CSP		
Factor 1: Perception of Corporate Social Performance in the Oil Industry.		0.81
Item 1: CSP should be responsive to a variety of factors that make-up social responsibility.	0.67	
Item 2: CSP should be independent of the quality of the organisation.	0.66	
Item 3: CSP should base on outcome measures rather than perceptions.	0.62	
Item 4: CSP should reflect the value of the stakeholders being considered.	0.60	
Factor 2: CSP as Community Relations.		0.86
Item 1: Our oil companies employ people with disabilities in the communities.	0.45	
Item 2: Our oil companies make donations to social activities in the communities.	0.71	
Item 3: Our oil companies invest in the education of young people in the communities	0.80	
Item 4: Our oil companies contribute to solving communities' problems.	0.63	
Item 5: Our oil companies employ long-term unemployed people in the communities.	0.64	
Factor 3: CSP as Environmental Performance.		0.91
Item 1: Our oil companies implement special programs to minimize its negative impact on the natural environment.	0.62	
Item 2: Our oil companies participate in activities which protect and improve the quality of the natural environment.	0.78	
Item 3: Our oil companies have the necessary equipment to reduce its negative environmental impact.		
Item 4: Our oil companies make well-planned investments to avoid environmental degradation.	0.45	
Item 5: Our oil companies make investment to create a better life for future generations in the community.	0.68	
Item 6: Our oil companies make investments to create employment opportunities for future generations in the community.	0.78	
	0.80	

Factor 4: CSP as Community Perception.		0.89
Item 1: Our oil companies sharing a sense of personal connection to the members of the communities.	0.55	
Item 2: Our oil companies feel that communities' needs will be met by the resources received through their cooperation.	0.67	
Item 3: Our oil companies feel that communities have shared and will share history, common places, time together, and similar experiences.	0.76	
Item 4: Our oil companies give sense of responsibility to support the well-being and success of the communities.	0.78	
Item 5: Our oil companies provide sense of responsibility to the well-being of the population that share common goal with them.	0.55	
Item 6: Our oil companies' desire is to give to the communities without needing to receive anything in return.	0.57	

Results of Pilot Data on Reliability and Dimensionality

The inter-item correlations reliability analysis of CSR scale was done, and the results showed that the scale has high reliability. Also, factor 1 (Perception of CSR in the oil industry) indicate that all the items load strongly except item 4 under factor 1 (CSR help to provide respect for regional values, customs, and culture in Nigeria) which has factor loading that is below 0.5. This item was rejected based on (Kaiser, 1960) rule. Nonetheless, all other items in the other factors load strongly (i.e. above 0.5). Consequently, all other items in all other factors were retained and considered good for the final study. Overall, the Cronbach's Alpha for CSR scale is 0.953 and n=27.

In addition, the result obtained from CSP scale on the reliability check reveals that the scale was also high on reliability. In all, the Cronbach's Alpha for CSP scale is 0.94 and n=21. The overall Cronbach's Alpha for both scales (i.e. CSR and CSP scales) is 0.975, and N= 48. This is evidence that both scales (i.e. CSR and CSP) were good on reliability and dimensionality.

6.4 Administration of Final Questionnaire

The pilot test study led to the adjustment of questionnaire; after which the final questionnaire was administered in October 2015. A sample of big four employees of MOC (Shell Petroleum, Chevron, Exxon Mobil and Total Nigeria) and the representatives of the host communities was used. These respondents excluded those

previously contacted for the pilot study. All the sample oil firms and the host communities were contacted to identify the most appropriate person to respond to the questionnaire. Permission was taken from the respondents about their convenience, particularly, the suitable time of administering the questionnaire on them.

6.5 Summary of the Chapter

The chapter presented the pilot study results in preparation for the main study. It also explains how the research questionnaire was developed and pretested among a few colleagues and research supervisors. Pilot study was carried out to test the questionnaire. The reliability and validity of the research instrument was confirmed through a factor analysis. The preliminary findings from the pilot study were then outlined and the implication of pilot test on the final survey examined. The administration of the main questionnaire was then conducted with 385 questionnaires being personally administered. The next chapter discusses the data analysis and results.

Chapter Seven

Data Analysis and Result

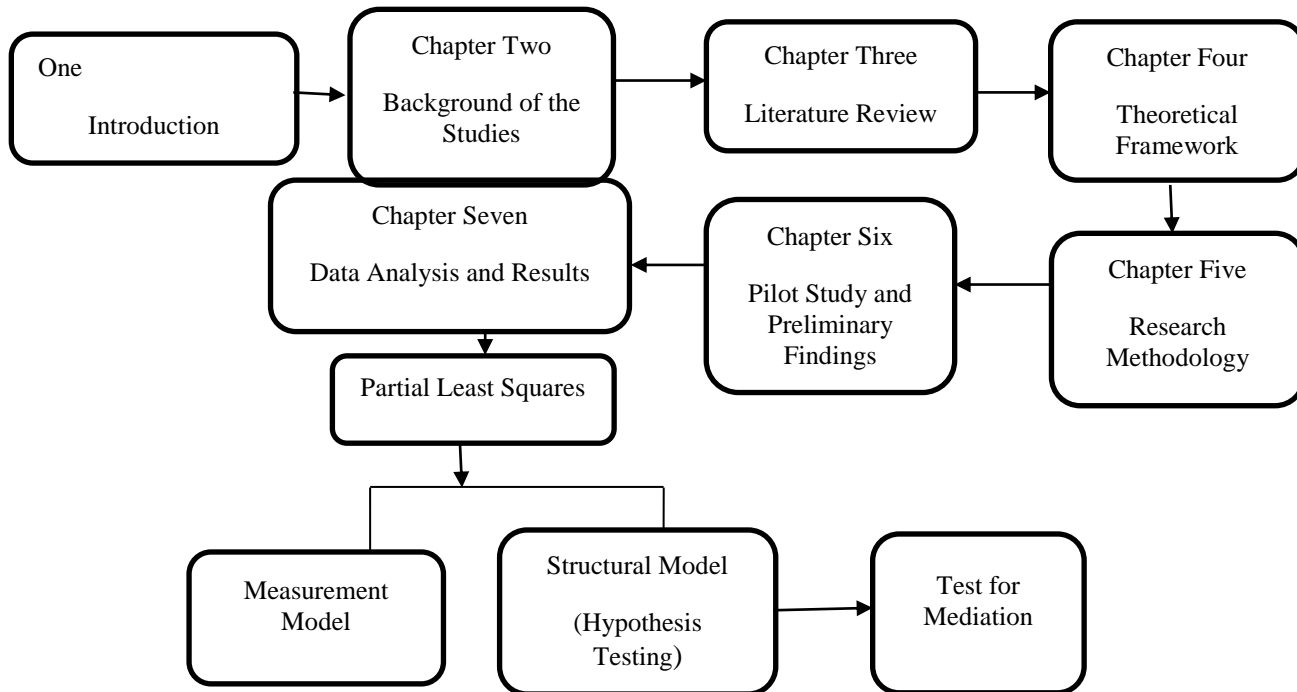
7.1 Introduction

After the pilot exercise, the instrument was amended to reflect the entire observations (e.g. typographical errors, vague questions, similar questions and lengthy questions) made by the participants who took part in the pilot survey, while reviewing the contents of the pilot questionnaires. This data analysis and results chapter, therefore, explains the relationship between CSR-CSP on social performance outcome developed to test hypothetical path relationship using PLS-SEM. First, profile of the survey respondents for study 1 (employees of MOC) and study 2 (host communities) were separately presented. Second, results of the measurement model used to establish the reliability and validity of the survey instrument for study 1 and study 2 are discussed. Third, the structural model of Smart PLS M3 version 2 is used to test the hypothesized relationship among constructs as proposed for study 1 and study 2 (e.g. Ringle, Wende and Becker 2015). Thereafter, test for mediation and moderation analysis conducted for study 1 and study 2 were made. The idea in this study was to conduct measurement in variance which is a precondition for multi-group analysis. However, because of the differences in measures for study 1 and study 2 which violate the requirement for measurement equivalence, researcher was therefore unable to test for differences between the two groups.

Furthermore, this research data collection was conducted from September 2015 to December 2015. A total of 160 questionnaires were distributed to employees of the big four multinational oil companies in Nigeria and 146 completed and usable questionnaires were returned. Meanwhile, 225 questionnaires were distributed to the representatives of the host communities and 146 completed and usable questionnaires were returned. In addition, descriptive statistics was conducted, and frequency distribution generated to ascertain sample characteristics for study 1 (employees of MOC) and study 2 (host communities). Then, PLS-SEM was used to assess the

construct reliability and validity. However, satisfactory performance of measurement assessment led to the evaluation of structural model to test hypothesised relationship between constructs. At the end, test of mediation and moderation was conducted for study 1 and study 2.

Figure 7.1: The Logical Flow of Previous Chapters to Current Chapter



7.2 Analysis Chapter Research Objectives

The main objective of this research is to investigate the effect of corporate social responsibility (CSR) and corporate social performance (CSP) on employees' and host communities as main stakeholder of MOC in Nigeria based on the outline analytical research objectives.

- To investigate the influence of compliance to industry standards on environmental performance by MOC in Nigeria.
- To investigate the influence of corporate legitimacy on community relations by MOC in Nigeria.

- To investigate the influence of corporate legitimacy on community perception by MOC in Nigeria.
- To investigate the influence of regulatory infractions on environmental performance by MOC in Nigeria.
- To investigate the influence of CSR initiatives on community relations by MOC in Nigeria.
- To investigate the influence of CSR initiatives on community perception by MOC in Nigeria.

In addition, this research investigates the direct and mediating specific effect of the following variables

- To investigate the influence of environmental performance on social performance outcome by MOC in Nigeria.
- To investigate the influence of community relations on social performance outcome by MOC in Nigeria.
- To investigate the influence of community perception on social performance outcome by MOC in Nigeria.
- To investigate whether environmental performance (EP) mediates the effect of compliance to industry standards (CIS) on social performance outcome of MOC in Nigeria.
- To investigate whether environmental performance (EP) mediates the effect of regulatory infractions (RI) on social performance outcome of MOC in Nigeria.
- To investigate whether community relations (CR) mediate the effect of corporate legitimacy (CL) on social performance outcome of MOC in Nigeria.
- To investigate whether community relations (CR) mediate the effect of CSR initiatives (CSRI) on social performance outcome of MOC in Nigeria.

- To investigate whether community perception (CP) mediate the effect of corporate legitimacy (CL) on social performance outcome of MOC in Nigeria.
- To investigate whether community perception (CP) mediate the effect of CSR initiatives (CSRI) on social performance outcome of MOC in Nigeria.

Furthermore, this research investigates the moderating effect of demographic factors (i.e. sex, marital status and educational background) on measurement used between study 1 and study 2 specifies as follows:

- To investigate whether sex moderate the effect of relationship between study 1 and study 2 by MOC in Nigeria.
- To investigate whether education background moderate the effect of relationship between study 1 and study 2 by MOC in Nigeria.
- To investigate whether marital status moderates the effect of relationship between study 1 and study 2 by MOC in Nigeria.

7.3 Research Conceptual Model and Hypotheses for Analysis

Having established the analytical research objectives in the earlier section, this study integrates and further extends previous research work (e.g. Idemudia, 2009; Idemudia and Ite, 2006). The proposed conceptual framework is illustrated in figure 7.2. As earlier pointed out in the conceptual framework chapter of this study, the research model establishes the relationship between CSR-CSP dimensions and direct effect of CSP dimensions (EP, CR and CP) on social performance outcome of MOC in Nigeria. In addition, the present study model also investigates the indirect effect of Environmental Performance (EP), Community Relations (CR), and Community Perception (CP) between CIS and SP, CL and SP, RI and SP, CSRI and SP. The model in figure 7.2 indicates the framework of relationship between CSR and CSP dimensions on social performance outcome for study 1 (employees of MOC) and study 2 (host communities)

respectively. In addition, hypotheses formulated immediately after each of the theory formed this research model and serve as foundation for data analysis and results.

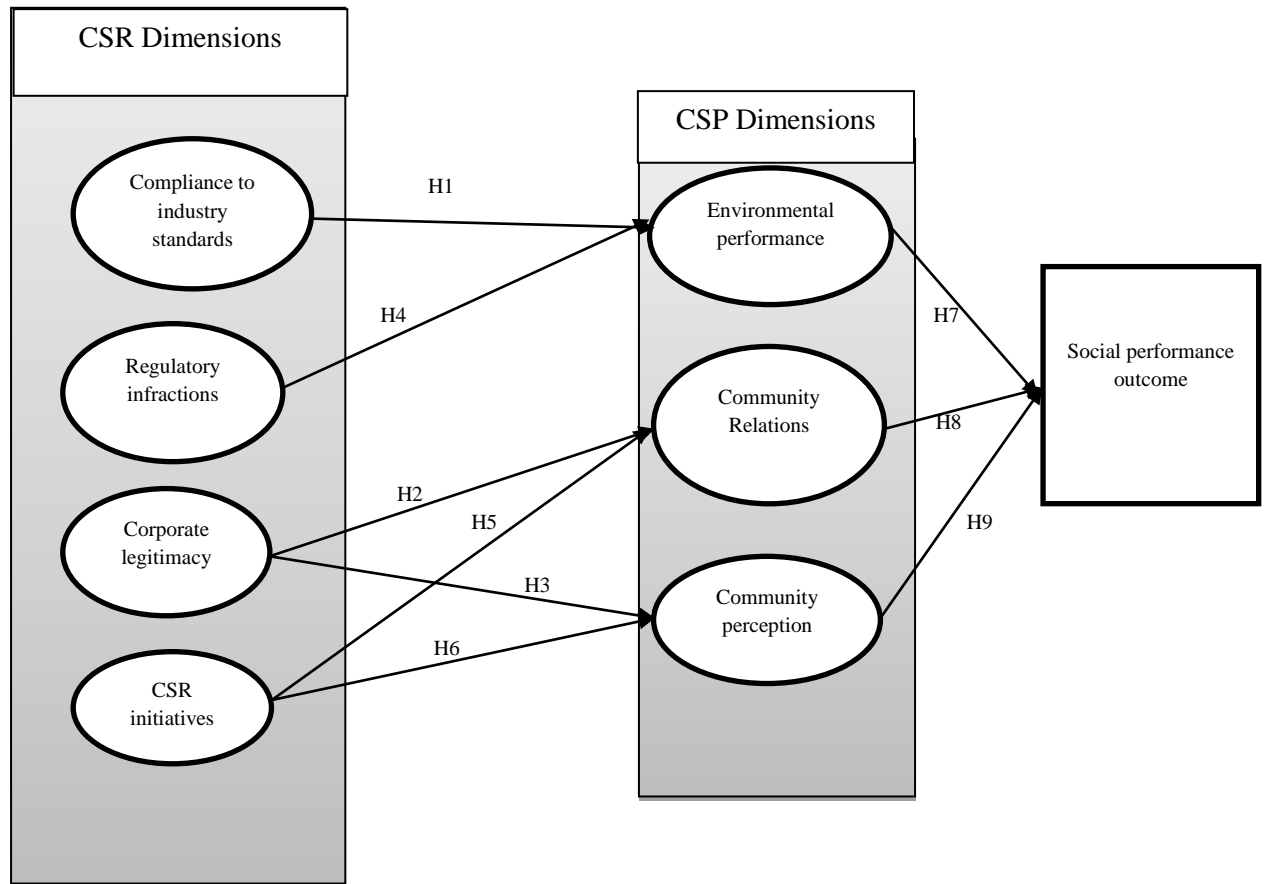


Figure 7.2: Conceptual Model of Relationship between CSR and CSP for the Employees of MOC and Host Communities in Nigeria oil region.

Hypothesis 1 (H₁): There is a positive relationship between compliance to industry standards and environmental performance by MOC in Nigeria.

Hypothesis 2 (H₂): There is a positive relationship between corporate legitimacy and community relations by MOC in Nigeria.

Hypothesis 3 (H₃): There is a positive relationship between corporate legitimacy and community perception by MOC in Nigeria.

Hypothesis 4 (H₄): There is a positive relationship between regulatory infractions and environmental performance by MOC in Nigeria.

Hypothesis 5 (H₅): There is a positive relationship between CSR initiatives and community relations by MOC in Nigeria.

Hypothesis 6 (H₆): There is a positive relationship between CSR initiatives and community perception by MOC in Nigeria.

Hypothesis 7 (H₇): Environmental performance is positively related to social performance outcome of MOC in Nigeria

Hypothesis 8 (H₈): Community relation is positively related to social performance outcome of MOC in Nigeria.

Hypothesis 9 (H₉): Community perception is positively related to social performance outcome of MOC in Nigeria.

Hypothesis 10 (H_{10a}): Environmental performance (EP) mediates the effect of compliance to industry standards (CIS) on social performance outcome of MOC in Nigeria.

Hypothesis 10 (H_{10b}): Environmental performance (EP) mediates the effect of regulatory infractions (RI) on social performance outcome of MOC in Nigeria

Hypothesis 11 (H_{11a}): Community relations (CR) mediate the effect of corporate legitimacy (CL) on social performance outcome of MOC in Nigeria.

Hypothesis 11 (H_{11b}): Community relations (CR) mediate the effect of CSR initiatives (CSRI) on social performance outcome of MOC in Nigeria.

Hypothesis 12 (H_{12a}): Community perception (CP) mediates the effect of corporate legitimacy (CL) on social performance outcome of MOC in Nigeria.

Hypothesis 12 (H_{12b}): Community perception (CP) mediates the effect of CSR initiatives (CSRI) on social performance outcome of MOC in Nigeria.

Hypothesis 13 (H_{13a}): Sex moderate the effect of relationship between study 1 and study 2 by MOC in Nigeria

Hypothesis 13 (H_{13b}): Educational background moderate the effect of relationship between study 1 and study 2 by MOC in Nigeria.

Hypothesis 13 (H_{13c}): Marital status moderate the effect of relationship between study 1 and study 2 by MOC in Nigeria.

7.4 To Recap Justification for the Present Research Model

As earlier discussed in chapter four, the model in figure 7.2 shows the relationship between CSR-CSP dimensions on social performance outcome. The underlying factors for CSR are CIS, RI, CL, and CSRI. Meanwhile, the underlying dimensions for CSP are EP, CR, and CP. Specifically, the conceptual framework proposed in this study specifies the relationship between CSR – CSP dimensions on social performance outcome for the evaluation of measurement and structural relationship using PLS-SEM.

Based on this submission, the present research developed model for the study by conceptualizing CSR and CSP dimensional relationship for study 1 (employees of MOC) and study 2 (host communities). This research model posits that firms should serve the interests of the wider stakeholder to achieve its social performance objective, specifically, to be more efficient and achieve its legitimate right in the host communities (e.g. Elanor, 2013; Panwar et al., 2014).

However, researchers on strategic management now recognized and appreciated the significance of CSR-CSP dimensions on the firm overall outcome (e.g. Brower and Mahajan, 2013). Studies so far, show that the benefit associated with corporate social performance have not gone undetected by the top executives of the corporations. So far, earlier studies of CSR rarely investigate the relationship between compliance to industry standards (CIS), corporate legitimacy (CL), regulatory infractions (RI), CSR initiatives (CSRI) as dimensions of CSR; likewise, environmental performance (EP), community relations (CR), and community perception (CP) as a factor of CSP. As a result, present research investigates the relationship between CSR-CSP dimensions on social performance outcome. In addition, the indirect effect of CSP dimensions (*EP, CR and CP*) between CSR dimensions (*i.e. CIS, CL, RI and CSRI*) and social performance outcome also investigate to fill the gap created by previous studies.

7.5 Overview of Present Research Methodology

This section provides the summary of the present research methodology, in order to update the readers on the process that led to data analysis and results chapter and the overview of this research methodology are listed below:

- Deductive approach was adopted for conceptualization of research problem and theory used to explain path that led to test of hypotheses.
- This study employed descriptive and survey research design,
- The present research setting is Niger-Delta oil region in Nigeria.
- The present study adopts cross-sectional studies to conduct investigation into the effect of CSR and stakeholder management of corporate social performance of MOC in Nigeria. Moreover, cross-sectional studies used in this research because this study is conducted at once (e.g. Bryman and Bell, 2011; Saunders et al., 2009). Cross-sectional studies provide a snapshot in a particular point as this research data are collected at a point in time.
- This study population is oil industry and the host communities in Niger-Delta area of Nigeria.
- The present study sample size consists of 385 potential respondents; meanwhile, 160 potential respondents are for study 1 (employees of MOC), while, 225 potential respondents are for study 2 (host communities).
- This research sampling frame includes big four MOC (i.e. Shell Petroleum, Chevron, Exxon Mobil and Total Nigeria) and representatives of the host communities in Niger-Delta area of Nigeria. The big four MOC were chosen because they are the market leader in oil industry and contribute more than 60% of the income accrue to Nigeria government. Specifically, these companies cause most of the environmental hazard in the host communities. Representatives of the host communities were chosen because the interest of the host communities mostly represented because majority of the populace cannot read nor write. More importantly, environmental performance of most of the oil

companies, particularly, the major ones have received a lot of condemnation from both the host communities and Nigerian government.

- The present research sampling methods are purposive and judgemental sampling methods. Purposive and judgemental samplings were employed to exclude firms and communities' members, who were irrelevant to this research. Thus, these sampling methods are used in this study because they enable researcher to generalise the findings to the entire population. Also, since the employees of MOC and host communities were in better position to provide the desired information that conforms to some of the criteria set by this research. More specifically, because of the impossibility to survey the entire population, budget constraints, time, and the need to process the collected data quickly (Saunders et al., 2007).

- Purposive sampling is used in the present study because limited number of people have the information sought (e.g. Sekaran and Bougie, 2010), and any type of probability sampling across a cross-section of the entire population might be meaningless. This sampling method assists to gain access to individuals who have the required knowledge about this research information (e.g. Sekaran and Bougie, 2010). To make this research robust, judgemental sampling also employs in this study to enables researcher to use judgement to select cases that will best provide an answer to research questions (Saunders et al., 2007), and meet research objectives.

The present research model reflects a positivist stance because the process started with the review of literature leading to development of theoretical framework which forms the basis for constructing hypothesis from CSR and stakeholder management to determine causality against the empirical evidence used to formulate an empirical testable theory. This research employs the model in figure 7.2 to investigate the likely behaviour of study 1 (employees of MOC) and study 2 (host communities) on issues of CSR initiatives of oil companies in Nigeria. In addition, PLS-SEM results in the next section reveal theoretical expectation differential behaviour for study 1 and study 2 of this research.

7.6 Data Collection Procedure

In the present research, participation was entirely voluntary and anonymous. The self-administered questionnaire was personally administered to the managers, senior managers and CEO of MOC (Shell Petroleum, Chevron, Exxon Mobil and Total Nigeria) and representatives of the host communities (president, general secretary, publicity secretary and other executive members) who participated in this research. The questionnaire administration was supported with the informed consent from Nigeria oil industry regulatory authority. Completed questionnaire was personally collected from the employees of MOC, and the representatives of the host communities due to geographical convenience. However, 146 set of questionnaires were returned and usable in study 1 (employees of MOC), likewise, 146 set of questionnaires were returned and usable in study 2 (host communities).

7.7 Data Preparation

This process involves preparation of raw data collected from the respondents in readiness for analysis. This process involved the combination of data cleaning and common method variance.

7.7.1 Data Cleaning

Data cleaning process was followed up, in order to ensure that entry and coding of raw data was with minimal errors for the purpose of achieving quality data set before performing analysis. Completed and returned survey questionnaires were checked and 14 questionnaires out of 160 questionnaires distributed to the employees of MOC were not usable because of high number of missing value and inconsistent of respondents. As a result, 146 survey-questionnaires are usable and subsequently form the data set for study 1 (employees of MOC). On the other hand, out of 225 survey questionnaires given to the representatives of the host communities, 79 questionnaires have high number of missing value. However, only 146 questionnaires are usable and also form the data set for study 2 (host communities). In addition, frequency distribution of the two sets of data stem was performed to check if there are entry errors and the result of the frequency did not detect any error.

7.7.2. Common Method Variance

In the present research, since the data were self-reported and collected through the same questionnaire during the same period via a cross-sectional research design (e.g. Farooq et al., 2014; Podsakoff et al., 2003), there is a tendency for common method bias. CSR-CSP dimensions were obtained from the same respondent through a single research instrument (e.g. Krihnaveni and Deepa, 2013). In the initial stage, the measurement items for CSR-CSP dimensions were entered for factor analysis. The results showed that there are no general factors that appeared from the factor analysis (Podsakoff et al., 2003), signifying that CMB is not significant in the data sets.

7.8 Respondent Profile

This research administered questionnaire to two sets of participants (i) employees of MOC (ii) representatives of the host communities. In addition, background information of the participating respondents based on the response from the questionnaires provided. Also, the questionnaires are analysed based on information provided by the respondents. The respondents' profile is presented for two reasons. First, to provide the background information of the respondents that participated in study 1 and study 2 respectively. Second is to reveal the features of the participants in study 1 and study 2. Also, the characteristic of the participating respondents for study 1 and study 2 are then analysed and presented in a separate form.

As previously discussed in the earlier chapters, this study aim is to develop measures to investigate the effect of CSR and CSP on employees'/host communities as main stakeholder of MOC in Nigeria. Therefore, the present study tries to fill gap created in the research that relates to CSR and stakeholder management in Nigeria oil industry (e.g. Frynas, 2005; Frynas, 2010; Idemudia, 2009; Idemudia and Ite, 2006). Also, respondents were asked to indicate information about their personal details (e.g. age, sex, marital status, educational qualification, and the status of the employees/representatives of the host communities). Consequently, this personal information obtained from participants were analysed to assess the nature of CSR and CSP on social performance outcome.

The initial sample frame for study 1 was 160 senior employees of big MOC in Nigeria. One hundred and fifty-three respondents (153) participated in the personal survey. However, this yielded a response rate of 95.6%. The high response rate was a result of enough time given to respondents to complete the survey, and because of popularity of this study in the Niger-Delta oil region. Though, seven responses were incomplete. Hair, Anderson, Tatham, and Black (1998) argue that survey with more than 30% missing value should be removed. As a result, incomplete surveys were removed before data analysis. Nevertheless, this is to ensure that PLS-SEM analysis produce better results on complete data set for study 1. After removing unqualified responses, the final sample size was 146 in which final response rate of 91.2% was recorded. Then, the results of the study 1 respondent's demographics and response rate are presented in Table 7.1.

Table 7.1: Summary of Demographic Characteristics of Respondents -Study 1 (Employees of MOC): *N* = 146

Variables	Frequency	Percentage (%)
Gender:		
Male	106	72.6
Female	40	27.4
Total	146	100
Age:		
16-25 years	9	6.2
26-35 years	88	60.3
36-45 years	34	23.3
46-55 years	14	9.6
56 years and above	1	0.7
Total	146	100
Marital Status:		
Single	64	43.8
Married	82	56.2
Total	146	100

Educational Qualification:		
B.SC/HND	92	63.0
Master/PhD	53	36.6
Missing value	1	0.7
Total	146	100
Status in the Company		
Manager	13	8.9
Administrative staff	50	34.2
Others	81	55.5
Missing	2	1.4
Total	146	100

Source: Field Survey, 2015

7.7.1 Demographic Characteristics of Respondents in Study 1 (Employees of MOC).

This section shows the profile of the respondents who participated in this research. In addition, respondents' demographic profiles were presented via frequency distribution. As summarise in Table 7.1, participating respondents consisted of 160 employees of MOC. Total of 153 survey questionnaires were returned by the respondents. Only 146 of the returned survey questionnaires were usable and seven survey questionnaires were not usable.

Out of 146 usable survey questionnaires, 106 were males representing 72.6% respondents, and 40 were females representing 27.4% respondents. 9 of the respondents representing 6.2% had age range from 16-25 years, 88 of the respondents, representing 60.3% had age range from 26-35 years. Also, 34 of the respondents representing 23.3% had age range from 36-45 years. 14 of the respondents representing 9.6% had age range from 46-55 years. Similarly, one respondent representing 0.7% had age range from 56 above years.

In the same vein, 64 respondents representing 43.8% were single. 82 respondents representing 56.2% were married. In addition, 92 respondents representing 63.0% had

BSc/HND, while 53 respondents representing 36.3% had Master/PhD. Also, one respondent representing 0.7% had missing value. Likewise, 13 respondents representing 8.9% were manager; while, 50 respondents representing 34.2% were administrative staff. Also, 81 respondents representing 55.5% were others, and two respondents representing 1.4% have missing value.

In all, the respondents' characteristics (sex, age, marital status, education and status in the company) show that the sample firms were appropriate representatives of the population in Nigeria oil industry. In addition, demographic distribution also confirms that this study sample represents the entire categories of the people in the Nigeria oil industry.

In contrast, the initial sample frame for study two was 225 from the entire communities around the oil companies operating in Niger-Delta region. One hundred and sixty (160) participated in the personal survey. Thus, fourteen responses were incomplete. Hair et al. (1998) suggested removal of the survey with more than 30% missing value. Sequence to this, incomplete surveys were removed for the purpose of data analysis. After unqualified responses were removed, the final sample size was 146, with response rate of 64.9%.

The results of the respondent's demographics and response rate are presented in Table 7.2. These respondents included all the executive members of the host communities. In addition, it should be noted that the sample size represents all levels of communities' members; as a result, the demographic profile of the respondents shows robustness of the present study.

Table 7.2: Summary of Demographic Characteristics of Respondents-Study 2 (Host Communities): *N* = 146

Variables	Frequency	Percentage (%)
Gender:		
Male	75	51.4
Female	71	48.6
Total	146	100

Age:		
16-25 years	24	16.4
26-35 years	92	63
36-45 years	13	8.9
46-55 years	16	11
Missing Value	1	0.7
Total	146	100
Marital Status:		
Single	91	62.3
Married	52	35.6
Divorced	2	1.4
Missing	1	0.7
Total	146	100
Educational Qualifications:		
Secondary	11	7.5
ND/NCE	11	7.5
B.SC/BA	117	80.1
Master/PhD	7	4.8
Total	146	100
Status in Community:		
President	4	2.7
General secretary	4	2.7
Public secretary	4	2.7
Others	117	80.1
Missing Value	17	11.6
Total	146	100

Source: Field Survey, 2015

7.7.2 Demographic Characteristics of Respondent in Study 2 (Host Communities).

In study 2, this research ensures that respondents with diverse personal and community knowledge were adequately captured. In Table 7.2, participating respondents consisted of 146 representatives of the host communities. Total of 160 survey questionnaires were returned. However, only 146 of the returned survey questionnaires were usable, of which 14 of the survey questionnaires were not usable. Out of 146 usable survey

questionnaires, 75 were males representing 51.4% and 71 were females representing 48.6%.

On this, 24 of the respondents representing 16.4% had age range from 16-25 years, 63 of the respondents, representing 63% had age range from 26-35 years. Similarly, 13 of the respondents representing 8.9% had age range from 36-45 years. 16 of the respondents representing 11% had age range from 46-55 years. One respondent representing 0.7% had missing value.

Furthermore, 91 respondents representing 62.3% were single, 52 respondents representing 35.6% were married. two respondents representing 1.4% were divorced. Only one respondent representing 0.7% has missing value. Also, 11 respondents representing 7.5% had secondary education. 11 respondents representing 7.5% had ND/NCE. 117 respondents representing 80.1% had BSc/BA education. Seven respondents representing 4.8% had Master/PhD degree.

Four respondents representing 2.7% were executive president of the representatives of the host communities, four respondents representing 2.7% were general secretary. In addition, four respondents representing 2.7% were publicity secretary in the same way. 117 respondents representing 80.1% were other members of the association. Seventeen respondents representing 11.6% have missing value.

Overall, satisfactory response rate in this study survey was achieved as a result of strong support of our sample (host communities). The president of the host communities' association helped to coordinate the distribution of the survey to the prospective participants. The questionnaire was administered without obtaining respondents names to reduce suspicion or hesitation in filling the survey questionnaire. In addition, most of the executive members of the association gave maximum cooperation to the researcher, because they were of the view that through this medium, the position of the communities on CSR initiatives effort of MOC in the oil region may be publicized to the entire world. The demographic distribution of study two in Table 7.2 show adequate representative in term of gender, age, and education distribution in the host communities.

7.9 Measures

In the present study, the effect of CSR and CSP on employees and host communities as main stakeholder of MOC in Nigeria was investigated using adapted scales based on the outline analytical research objectives (e.g. Chung et al., 2015; DeArmond et al., 2011; Ellis and Arieli, 1999; Lindgreen et al., 2009; Nowell and Boyd, 2009; Obsersede et al., 2014; Ruf et al., 1998; Turker 2009b). This study was conducted in Nigeria under different research context, and cultural affiliation. The present research used validated scales of previous studies on seven-point Likert scales with response options ranging from 1 to 7, except for the personal data of the respondents. It used reflective measurement models, with the items being manifestation of the respective underlying construct. Table 7.3 provides a complete list of items and constructs with their respective authors.

Table 7.3: Items Details Used to Measure each Dimension of CSR and CSP Scales

CSR Items	Author
Compliance to Industry Standards B1. Oil companies apply appropriate work practices to reduce exposure to dangers in our communities. B2. Oil companies use appropriate protective equipment as indicated by the health and safety plan in the industry to protect our communities. B3. Oil companies take appropriate steps if prevented from or punished for exercising your right in our communities. B4. Oil companies appropriately report injuries, accidents, or illness whenever it affects our communities. B5. Oil companies explain to other workers to report safety violations relating to our communities. B6. Oil companies take action to stop safety violations in order to protect the well-being of our communities.	DeArmond, et al. (2011)
CSR Initiatives C1. Oil companies put the interest of our communities into consideration before taking decisions. C2. Oil companies provide financial support for education in our communities. C3. Oil companies help to reduce poverty rate in our	

<p>communities.</p> <p>C4. Oil companies improve the quality of life in our communities.</p> <p>C5. Oil companies provide money for charities in our communities.</p> <p>C6. Oil companies provide financial support activities for arts, culture and sports in our communities.</p>	<p>Lindgreen, et al. (2009)</p>
<p>Corporate Legitimacy</p> <p>D1. Oil companies have positive opinion about corporate social responsibility initiatives of oil companies.</p> <p>D2. Most often, oil companies believe that it is good to follow government regulations.</p> <p>D3. Oil companies do a good job by extracting oil in our community.</p> <p>D4. Oil companies are honest with our community.</p> <p>D5. Oil companies are necessary part of our community.</p> <p>D6. Oil companies' benefits to our community outweigh the problems.</p>	<p>Chung et al. (2015)</p>
<p>Regulatory Infractions</p> <p>E1. Oil companies properly handled reports of violations or irregularities in our communities.</p> <p>E2. Oil companies' employees adequately report violations to their company whenever it affects our communities.</p> <p>E3. Oil companies' heads expect employees to report violations and irregularities to the company whenever it affects our communities.</p> <p>E4. Oil companies often encourage our communities to report violations and irregularities to the company.</p> <p>E5. Oil companies take unreported violations in any of their unit serious whenever it affect our communities.</p>	<p>Ellis and Arieli (1999)</p>
<p>CSP Items</p>	
<p>Social Performance</p> <p>F1: Oil companies are responsive to variety of factors that make-up social responsibility</p> <p>F2: Social performance should be independent of quality of organization</p>	<p>Ruf et al. (1998)</p>

<p>F3: Oil companies' social performance should base on outcome measures than perception</p> <p>F4: Oil companies should reflect on the value of stakeholders</p>	
<p style="text-align: center;">Community Relations</p> <p>G1. Oil companies employ people with disabilities in our communities.</p> <p>G2. Oil companies make donations to social activities in our communities.</p> <p>G3. Oil companies invest in the education of young people in our communities.</p> <p>G4. Oil companies contribute to problems solving in our communities.</p> <p>G5. Oil companies employ long-term unemployed people in our communities.</p>	<p style="text-align: center;">Obersede et al. (2014)</p>
<p style="text-align: center;">Environmental Performance</p> <p>H1. Oil companies implement special programs to minimize its negative impact on the natural environment.</p> <p>H2. Oil companies participate in activities which protect and improve the quality of the natural environment.</p> <p>H3. Oil companies have the necessary equipment to reduce its negative environmental impact.</p> <p>H4. Oil companies make well-planned investments to avoid environmental degradation.</p> <p>H5. Oil companies make investment to create a better life for future generation in our community.</p> <p>H6. Oil companies make investment to create employment opportunities for future generation in our community.</p>	<p style="text-align: center;">Turker (2009b)</p>

Community Perception	
<p>QI1. Our oil companies sharing a sense of personal connection to the members of the communities.</p> <p>QI2. Our oil companies feel that communities' needs will be met by the resources received through their cooperation.</p> <p>QI3. Our oil companies feel that communities have shared and will share history, common places, and time together and similar experiences.</p> <p>QI4. Our oil companies give sense of responsibility to support the well-being and success of the communities.</p> <p>QI5. Our oil companies provide sense of responsibility to the well-being of the population that share common goal with them.</p> <p>QI6. Our oil companies' desire is to give to the communities without needing to receive anything in return.</p>	<p>Nowell and Boyd (2014)</p>

CSR and CSP adapted Scale items and Author.

7.10 Analytical Strategy

In the present research, the relationship between CSR dimensions (CIS, CL, RI and CSRI) and CSP dimensions (EP, CR, and CP) are examined. In addition, direct and mediating effect of (EP, CR, and CP) between the exogenous variables (CIS, CL, RI, and CSRI) and the endogenous variable social performance (SP) outcome examined for study 1 and study 2. The moderating effect of demographic characteristics of the respondents (e.g. gender, educational background and marital status) between study 1 and study 2 also investigated. This study used PLS-SEM, specifically, SmartPLS M3 version 2 (Ringle et al., 2015), to test hypothesised path model for study 1 and study 2 in this scholarly enquiry.

Hair et al. (2014a) data analysis procedures were adopted in this research to evaluate measurement model and then structural model. The model's validity was performed to determine whether the measurement and structural model satisfied the quality criteria for empirical work (Hair et al., 2011). After satisfactory performance exhibited by the

measurement model, this research then proceeded to assess the structural model criteria through path coefficients, coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2) (Hair et al., 2014b; Sarstedt et al., 2014). The present research used non-parametric bootstrapping method to evaluate the significance of direct and mediating effect (Hair et al., 2014a).

7.11 Assessment of Reflective Measurement Model for Study 1(Employees of MOC) and Study 2 (Host Communities)

In this research, the initial discussion is centred on measurement model. As earlier indicated in chapter five, the measurement model is assessed prior to the evaluation of the structural model assessment. Since this study focused only on the reflective construct, criteria for the model assessment with the reflective item was explained. This research presents the result of measurement assessment for study 1 (employees of MOC) and study 2 (host communities) in line with (Hair et al., 2014a) reflective measurement guideline.

7.11.1a Assessment of Construct Reliability and Convergent Validity— Study 1 (Employees of MOC)

The indicators loading, composite reliability (CR) and average variance extracted (AVE) for study 1 (employees of MOC) are shown in Table 7.4. The entire loadings that exceeded the suggested threshold of 0.70 (Hair et al., 2014a) were retained. Items, B1, B2, B3, B5, C1, C2, C6, D1, D2, D6, E1, E2, E4, E5, BH1, BH3, BH5, BH6, BG1, BG2, BG4, BI1, BF2 and BF4 with low loadings were dropped. All the seven-composite reliability was above acceptable threshold of 0.7 and all the AVEs were greater than 0.5 after the items deletion (Hair et al., 2014a). Therefore, all the constructs met requirement for reliability and convergent validity.

Table 7.4 Parameter Estimate for Measurement Model: Factor Loadings, CR, and AVE for Study 1 (Employees of MOC)

Latent variable	Indicators	Loadings	Composite Reliability	Average Variance Extracted
Compliance to Industry Standards	B4	0.835	0.847	0.734
	B6	0.879		
Corporate Legitimacy	D3	0.833	0.872	0.694
	D4	0.846		
	D5	0.821		
Community Perception	BI2	0.807	0.885	0.607
	BI3	0.713		
	BI4	0.803		
	BI5	0.739		
	BI6	0.827		
Community Relations	BG3	0.758	0.802	0.671
	BG5	0.875		
CSR Initiatives	C3	0.757	0.845	0.645
	C4	0.816		
	C5	0.835		
Environmental Performance	BH2	0.936	0.915	0.844
	BH4	0.901		
Regulatory Infractions	E1 (SIM)	1.000	N/A	N/A
Social Performance	BF1	0.895	0.871	0.772
	BF3	0.861		

Note: AVE = Average Variance Extracted, CR = Composite Reliability, SIM = Single Item Measurement.

7.11.2a Assessment of Discriminant Validity —Study 1 (Employees of MOC)

Discriminant validity of the model was assessed for study 1 (employees of MOC). As suggested by Fornell and Larcker (1981) items should load more strongly on their respective constructs in the model. In addition, average variance shared between each construct and its measure should be greater than the variance shared between the construct and other constructs. Table 7.5 shows that the entire constructs exhibited sufficient discriminant validity (Fornell and Larcker, 1981), where square root of AVE (diagonal) is larger than correlations (off-diagonal) for all the constructs. To confirm the discriminant validity, result from Fornell and Larcker's criterion assessment, Heterotrait- Monotrait (HTMT) technique was conducted (e.g. Hair et al, 2017; Henseler et al., 2015). The result of HTMT in Table 7.6 shows that the entire values of HTMT were within the threshold of HTMT_{.85} or HTMT_{.90} (Hair et al., 2017; Henseler et al., 2015). Thus, the result confirms that discriminant validity was established.

Table 7.5: Fornell-Larcker Criterion Analysis for Checking Discriminant Validity- Study 1 (Employees of MOC)

	CIS	CL	CP	CR	CSRI	EP	RI	SP
CIS	0.857							
CL	0.525	0.834						
CP	0.590	0.612	0.779					
CR	0.364	0.444	0.531	0.819				
CSRI	0.402	0.613	0.410	0.525	0.803			
EP	0.424	0.502	0.667	0.407	0.338	0.919		
RI	0.409	0.504	0.380	0.313	0.472	0.352	1.000	
SP	-0.348	-0.484	-0.470	-0.273	-0.253	-0.418	-0.234	0.878

Diagonals (in bold) represents square root of AVE while off diagonals represent correlations

Table 7.6: Results of Discriminant Validity: Heterotrait- Monotrait (HTMT) Criterion (2015) - Study 1 (employees of MOC).

	CIS	CL	CP	CR	CSRI	EP	RI	SP
CIS								
CL	0.742							
CP	0.793	0.740						
CR	0.617	0.673	0.759					
CSRI	0.594	0.810	0.519	0.862				
EP	0.583	0.615	0.811	0.610	0.425			
RI	0.510	0.567	0.416	0.417	0.553	0.386		
SP	0.515	0.641	0.589	0.405	0.335	0.542	0.275	-

Note: $HTMT < 0.85$ or $HTMT < 0.90$ (Henseler et al. (2015), CIS (Compliance to Industry standards), CL (Corporate Legitimacy), CP (Community Perception), CR (Community Relations), CSRI (CSR Initiatives), EP (Environmental Performance), RI (Regulatory Infractions) and SP (Social Performance).

7.11.3a Implications of Dropping Items from Study 1 (Employees of MOC)

CSR and CSP scale is fairly applied in this research context, that is, on the employees of Nigerian oil industry. Results show the number of items that were retained and those that were dropped from the entire scale. For example- the retained items: B4 and B6 captured compliance to industry standard (CIS). Whereas, B1, B2, B3 and B5 were dropped from the construct because they did not provide support for compliance to industry standard. This decision is supported by Ambituuni, Amezaga, and Emeseh, (2014) with the argument that the petroleum industry in Nigeria has been associated with major issues of accidents and disasters which contributed to vast safety and environmental problems. However, the dropped items did not in any way affected the compliance to industry standard in the context of this study.

In other instance, the retained items: D3, D4 and D5 equally captured corporate legitimacy. On the other hand, D1, D2 and D6 were dropped from the construct. Those items were dropped because they failed to provide support for corporate legitimacy. This aligned with Ite (2004) stance that lack of national macro-economic planning and

management, backed by equitable resource allocation, and an enabling environment, have significant implications for the performance of CSR activities. Therefore, all the dropped items did not provide support for the construct in this research context.

For community perception, the items retained include BI2, BI3, BI4, BI5 and BI6. However, BI1 was dropped. The item dropped did not necessarily affect the validity of community perception because community perception is relevant in Nigeria oil industry (see Idemudia and Ite, 2006). The items retained under community relations were BG3 and BG5, while, BG1, BG2 and BG3 were dropped. The decision to drop them was supported by Idemudia and Ite (2006) in their argument that they failed to seek, understand and integrate community perceptions into CSR activities. It is further argued that over-emphasis of affirmative duties to the detriment of negative injunctions, duties and the absence of an enabling environment account for corporate-community problem in Niger-Delta oil region. Therefore, this confirms the reason why some of the dropped items from community relations may not necessarily affect the validity of the construct.

CSR initiatives retained items C3, C4 and C5, while C1, C2 and C6 were dropped. The argument for dropping those items were because they are not appropriate measure adaptable to local condition of this study and their dropping are not going to affect the validity of CSR initiatives. This again was supported by Osemeke, Adegbite and Adegbite (2016) where it is argued that CSR initiatives in Nigeria is not strategic because it failed to provide a thorough engagement of business in society and nation building. It is further argued that CSR initiatives is cultural oriented, reflecting the religion, ethnicity, traditions and communal lifestyle of the people which involves sharing, togetherness and consensus (Osemeke et al., 2016).

Similarly, BH2 and BH4 were captured and retained under environmental performance (EP). Meanwhile, Items BH1, BH3, BH5 and BH6 were dropped. The decision to drop them was based on the argument of Frynas (2009) where he opined that companies are expected to go beyond making of profits and be conscious of their social and environmental impact of their operation in their host communities. In addition, it is further argued that some of these initiatives are lacking in Africa, particularly in Nigeria

because of incessant problems which take the form of climate change, poverty and HIV/Aids in the oil region.

Regulatory infractions captured only Item E1. However, Items E2, E3, E4 and E5 were dropped. The validity of regulatory infractions was not hindered because of the peculiarity of the Nigeria oil industry. This was further supported by Pegg and Zabbey (2013) where the destructive impact of the oil spills on the environment, such as: water quality, sources of income of host communities, employment, livelihood structures and community development were raised against the oil companies. It was further stressed by Peggy and Zabbey (2013) that lack of clean-up leads to the address of corporate responsibility for human rights violations and the failure of CSR to translate into meaningful action that alleviate the plight of employees.

Social performance retained and captured Items BF1 and BF3. However, Items BF2 and BF4 were dropped. Those items that were dropped did not necessarily affect the validity of the construct because of the peculiar nature of the Nigeria oil industry. The argument for this was substantiated by the work of Frynas (2005) when it is argued that there are several constraints for the implementation of CSR. These include subservience of CSR scheme to corporate objectives, country specific, context specific issues and failure to involve the beneficiaries of CSR.

7.11.1b Assessment of Construct Reliability and Convergent Validity — Study 2 (Host Communities).

In study 2 (host communities), the indicators loadings, composite reliability (CR) and average variance extracted (AVE) of the constructs revealed in Table 7.7. All loadings that exceeded the suggested threshold of 0.70 were retained (Hair et al., 2011), however, item C2 (0.668) with loading below the recommended threshold is retained because other loadings score in the model complement the scores of AVE (e.g. Byrne, 2010). Items B3, B4, B5, B6, D2, D4, D6, C1, C3, C6, E3, E5, BH1, BH3, BH5, BH6 BG1, BG5, BI3, BI4, BI5, BI6, BF1 and BF3 with low loadings were dropped. All the seven-composite reliability (CR) were within the suggested threshold 0.70 and all AVEs

values were above 0.5 after deleting items that were below acceptable threshold (Hair et al., 2014a). However, all the constructs met reliability and convergent validity threshold.

Table 7.7 Parameter Estimate for Measurement Model: Factor Loadings, CR, and AVE for Study 2 (Host communities)

Latent variable	Indicators	Loadings	Composite Reliability	Average Variance Extracted
Compliance to Industry Standards	B1	0.843	0.862	0.758
	B2	0.897		
Corporate Legitimacy	D1	0.717	0.821	0.605
	D3	0.843		
	D5	0.768		
Community Perception	BI2 (SIM)	1.000	N/A	N/A
Community Relations	BG2	0.755	0.814	0.593
	BG3	0.759		
	BG4	0.796		
CSR Initiatives	C2	0.668	0.815	0.596
	C4	0.818		
	C5	0.820		
Environmental Performance	BH2	0.848	0.879	0.784
	BH4	0.921		
Regulatory Infractions	E1	0.821	0.794	0.564
	E2	0.727		
	E4	0.700		
Social Performance	BF2	0.704	0.784	0.647
	BF4	0.660		

Note: AVE = Average Variance Extracted, CR = Composite Reliability, SIM = Single Item Measure

7.11.2b Assessment of Discriminant Validity -Study 2 (Host Communities)

This section assessed discriminant validity of the model in study 2. Discriminant validity asserts that items should load more strongly on their respective constructs in the

model, and the average variance shared between each construct and its measure should be higher than the variance shared between the construct and other constructs (Fornell and Larcker, 1981). Table 7.8 shows that the entire constructs exhibited sufficient discriminant validity where square root of AVE (diagonal) is larger than correlations (off-diagonal) for all constructs (Fornell and Larcker, 1981). This study confirms Fornell and Larcker's criterion discriminant validity assessment via Heterotrait-Monotrait (HTMT) technique of (Henseler et al., 2015) by conducting HTMT assessment. As indicated in table 7.9 all the values were below the threshold of HTMT_{.85} or HTMT_{.90} (Hair et al., 2017; Henseler et al., 2015). Thus, these results confirm that discriminant validity exists in this research.

Table 7.8: Fornell-Larcker Criterion Analysis for Checking Discriminant Validity for Study 2 (Representatives of the Host Communities).

	CIS	CL	CP	CR	CSRI	EP	RI	SP
CIS	0.870							
CL	0.327	0.778						
CP	0.174	0.428	1.000					
CR	0.190	0.416	0.487	0.770				
CSRI	0.225	0.346	0.407	0.405	0.772			
EP	0.400	0.467	0.641	0.545	0.387	0.885		
RI	0.346	0.484	0.540	0.414	0.449	0.546	0.751	
SP	0.079	0.088	0.169	0.219	0.264	-0.002	0.167	0.805

Diagonals (in bold) represents square root of AVE while off diagonals represent correlations

Table 7.9: Results of Discriminant Validity: Heterotrait- Monotrait (HTMT) Criterion (2015) – Study 2 (Host Communities).

	CIS	CL	CP	CR	CSRI	EP	RI	SP
CIS								
CL	0.438							
CP	0.120	0.430						
CR	0.259	0.567	0.452					
CSRI	0.286	0.352	0.263	0.571				
EP	0.376	0.574	0.613	0.584	0.427			
RI	0.567	0.688	0.524	0.629	0.670	0.699		
SP	0.250	0.301	0.353	0.645	0.395	0.262	0.465	-

Note: HTMT < 0.85 or HTMT < 0.90 (Henseler et al. (2015), CIS (Compliance to Industry standards), CL (Corporate Legitimacy), CP (Community Perception), CR (Community Relations), CSRI (CSR Initiatives), EP (Environmental Performance), RI (Regulatory Infractions) and SP (Social Performance).

7.11.3b Implications of Dropping Items from Study 2 (Host Communities).

In this study, CSR and CSP scale is fairly applied to the host communities Nigeria oil region. This result shows the number of items that were dropped from the entire scale. This result also shows the number of items that were retained and those that were dropped from the CSR and CSP scale. The retained items were B1 and B2 and they were captured under compliance to industry standard. In contrast, B3, B4, B5 and B6 were dropped from the construct. The items that were dropped did not provide support for compliance to industry standard because they fell below the acceptable threshold. This decision is supported by Ambituuni et al. (2014) when it is argued that the petroleum industry in Nigeria has been associated with major issues of accidents and

disasters which contributed to vast safety and environmental problems in the host communities.

Furthermore, items D1, D3 and D5 were retained. In addition, the retained items captured corporate legitimacy. In contrast, items D2, D4 and D6 were dropped from the construct. All the items dropped did not provide support for corporate legitimacy because they were not appropriate for measuring corporate legitimacy. This decision was agreed with the view of Ite (2004) when he argued that lack of national macro-economic planning and management, backed by equitable resource allocation, and an enabling environment, have significant implications for the performance of CSR activities in the oil region. Based on this, all the dropped items did not necessarily hinder the validity of corporate legitimacy.

Community perception construct retained and captured item BI2. On the other hand, BI2, BI3, BH4, BH5 and BH6 were dropped. All the items dropped may not necessarily affect the validity of community perception because of the nature of the people living around the oil region. This again was supported by Idemudia and Ite (2006) where it is argued that the failure to seek, understand and integrate community perceptions into CSR activities account for corporate-community problem in the oil region.

Items C2, C4 and C5 were retained and captured under CSR initiatives. However, Items C1, C3 and C6 were dropped. The dropped items under CSR initiatives may not affect the validity of the construct because of the nature of the host communities in the oil region. The decision to drop them is supported by the view of Osemeke et al. (2016) where it was stressed that CSR initiatives in Nigeria is not strategic because it failed to provide a thorough engagement of business in society and nation building particularly in Niger-Delta region.

For environmental performance, the items retained and captured include BH2 and BH4. In contrast, items BH1, BH3, BH5 and BH6 were dropped because they were not relevant to the need of this study. The decision to drop those items was based on the view of Frynas (2009) where it is claimed that CSR is an important approach for addressing the social and environmental impact of corporation. Oil companies it is

argued are expected to go beyond making of profit in the host communities (Frynas, 2005).

Items E1, E2 and E4 were retained and captured under regulatory infractions. Meanwhile, Items E3 and E5 were dropped. Those items were drop base on the fact that they were not relevant and appropriate for construct under study. The decision to drop them was guided by Pegg and Zabbey (2013) where it was argued that destructive impact of the oil spills on the environment such as water quality, local income, employment, livelihood structures and community development were enormous.

Under Social performance, items BF2 and BF4 were retained and captured. In contrast, Items BF1 and BF3 were dropped largely because they are not relevant and appropriate for use in this study. This position alighed with the work of Frynas (2005) where it was stressed that there are several constraints for the implementation of CSR in Niger-Delta. These constraints it is further argued that the subservience of CSR scheme to corporate objectives, country specific, context specific issues and failure to invoved the beneficiaries of CSR in the host communities etc.

7.12 Evaluation of Structural Models (Hypothesis Testing)

As earlier discussed in chapter five of this research, Hair et al. (2014a) suggests the following steps for structural model assessment evaluation in PLS-SEM: (i) assess the path co-efficient (ii) assess the level of R^2 (iii) assess the effect size f^2 (iv) assess predictive relevance Q^2 . Therefore, collinearity issues are not relevant in this research since the model includes reflectively measured constructs (e.g. Hair et al., 2014b). Following the measurement model quality satisfactory for (Study 1 & study 2), structural model then evaluates to test relationship between the constructs proposed in the theoretical chapter (*i.e. chapter four*) as presented in this study.

7.12.1a Structural Model Testing- Study 1 (Employees of MOC)

► Assess the Path Co-efficient

After running the PLS model, researcher then proceeded to evaluate the significance of hypothesized relationships between the constructs. The model in figure 7.3 revealed that

there were nine direct relationship results, test of statistic for all path were conducted. In order to test significance level, t-statistics for all paths were generated with PLS bootstrapping procedure (e.g. Ringle et al., 2015), t- test statistic is a standardised value that is calculated from sample data during hypothesis testing. In addition, the t-statistics was run on a sample of 146 respondents and out of nine main direct hypotheses, only five have result ≥ 1.65 , and shown 0.01 level of significance (see table 7.10, fig.7.3), however, this result indicates that this were not true for H6, H7, H8 and H9.

The path analysis result shows that CIS has positive and direct effect on EP ($\beta = 0.336$, $t = 3.86$, $P < 0.01$). In fact, the relationship between CIS and EP was considered moderate based on the beta value. CL was found to have positive and significant direct effect on CR ($\beta = 0.195$, $t = 2.54$, $p < 0.01$).

CL was found to have a positive and significant direct effect on CP ($\beta = 0.578$, $t = 7.76$, $p < 0.01$). Therefore, CL is a strong predictor of CP based on the beta value. RI has positive and direct effect on EP ($\beta = 0.215$, $t = 2.56$, $p < 0.01$).

CSRI has positive and direct effect on CR ($\beta = 0.405$, $t = 5.74$, $p < 0.01$). In contrast, CSRI was non-significant predictor of CP ($\beta = 0.055$, $t = 0.51$, $p > 0.01$).

The EP was non-significant predictor of SP ($\beta = -0.143$, $t = 1.35$, $p > 0.01$). CR was non-significant predictor of SP ($\beta = -0.004$, $t = 0.05$, $p > 0.01$).

CP was non-significant predictor of SP ($\beta = -0.184$, $t = 1.57$, $p > 0.01$).

In all, there is no support for hypothesised relationship between CSRI and CP, EP and SP, CR and SP, and CP and SP.

The results provide support for H1, H2, H3, H4, H5, but not for H6, H7, H8 and H9. Thus, CL is the most influential predictor with positive and significant direct effect on CP in comparison to CSRI and CR, RI and EP, CIS and EP, CL and CR based on the magnitude of β . Meanwhile, CSRI was more influential predictor of CR in comparison to RI and EP.

Table 7.10: Path- Coefficient Assessment- Study 1 (Employees of MOC: N = 146)

Hypotheses Relationship	Standard Beta	Standard Error (STERR)	t-value	P-Value	Result
H1: CIS→EP	0.336	0.087	3.86**	0.00	Significant
H2: CL→CR	0.195	0.077	2.54**	0.01	Significant
H3: CL→CP	0.578	0.075	7.76**	0.00	Significant
H4: RI→EP	0.215	0.084	2.56**	0.01	Significant
H5: CSRI→CR	0.405	0.071	5.74**	0.00	Significant
H6: CSRI→CP	0.055	0.083	0.67 ^{ns}	0.51	Not Significant
H7: EP→SP	-0.143	0.106	1.35 ^{ns}	0.07	Not Significant
H8: CR→SP	-0.004	0.085	0.20 ^{ns}	0.05	Not Significant
H9: CP→SP	-0.184	0.117	1.57 ^{ns}	0.17	Not Significant

SE = standards error, *t* values are computed through bootstrapping procedure with 146 cases and 5000 samples, *P<0.05, **P < 0.01

► Summary of the Results for Structural Model- Study 1 (Employees of MOC)

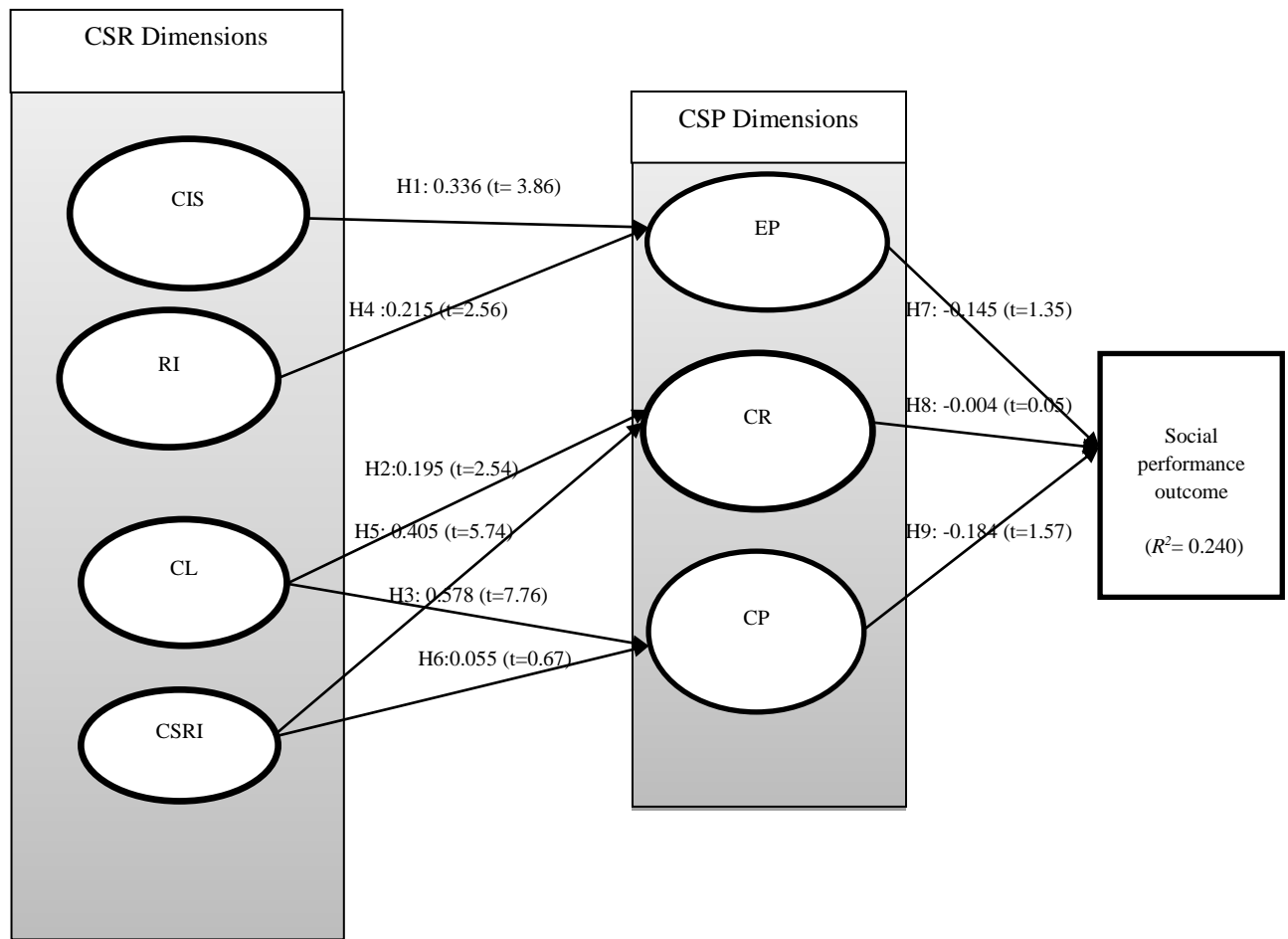


Figure 7.3: Model-Path Analytical Results of CSR and CSP Dimensions Relationship on Social Performance Outcome in Study 1 – Employees of MOC.

► Assess the Coefficient of Determination (R^2)

This is the next step in the structural model evaluation; coefficient of determination assesses the R^2 level (Hair et al., 2014a). R^2 measures how model's is accurately predicted (Hair et al., 2014b). This represents the exogenous variables combined effect on endogenous variables. Table 7.11 presents R^2 value for four endogenous constructs—environmental performance (EP), community relations (CR), community perception (CP) and social performance (SP). The R^2 value of 0.221 for EP shows that the exogenous constructs— CIS and RI, account for 22.1% of the variance in EP factor. Equally, the R^2 value of 0.301 for CR indicates that CL and CSRI accounts for 30.1% of

variance in CR factor. Also, the R^2 value of 0.378 for CP shows that CL and CSRI accounts for 37.8% of variance in CP factor. However, the R^2 value of 0.240 for SP indicates that EP, CR and CP account for 24% of variance in SP factor. Table 7.11 presents the summary of the coefficient of determination (R^2) results in study 1. For all the endogenous variables, this study adopts the threshold of R^2 suggested by Cohen (1988): 0.26 (substantial), 0.13 (moderate) and 0.02 (weak).

Based on the result, the R^2 value for environmental performance factor provides moderate explanatory power of (0.221), On the other hand, community relations factor, community perception factor and social performance factor provide substantial explanatory power of (0.301, 0.378 and 0.240) respectively (e.g. Cohen, 1988).

Table 7.11: Coefficient of Determination (R^2)

Constructs	Coefficient of Determination R^2	Explanatory Power
Environmental Performance Factor	0.221	Moderate
Community Relations Factor	0.301	Substantial
Community Perception Factor	0.378	Substantial
Social Performance Factor	0.240	Substantial

Note: R^2 value as (0.26- substantial – 0.13 moderate – 0.02 weak (Cohen, 1988).

► Assessing the Effect Size f^2

The P value informs the reader of the statistical significance of study's results (Berben et al., 2012), but it does not provide information about the influenced of the sample size. Here, the study is more likely to be significant, when the sample size is large and less likely if the same sample is small, whereas, effect size estimates are not sensitive to sample size (Berben et al., 2012). However, it provides information about the direction and strength of the relationship between variables. The effect of the size for each model can be determined via Cohen's f^2 (Hair et al., 2014b p. 114). This study follows the guideline suggested by Cohen (1988) for calculation of effect size.

Meanwhile, out of the nine hypothesised path relationships, only five hypothesised paths were significant and therefore, reported in this study. The results show that two of the hypothesised relationships (CIS → EP) and (CSRI → CR) have medium effect size, while, CL → CP have large effect size and CL → CR and RI → EP have small effect size (see Chin, 1998b; Cohen 1988 & 1992) (e.g. Table 7.13). Ellis (2010) concluded that average effects of many international business researches tend to be small that is; very small in size, and ‘most of the studies lack the power to detect effects reliably’ (Ellis, 2010 p. 1587).

Therefore, the result of f^2 as indicated in Table 7.12 shows that MOC need to do more by increasing their relationship with the stakeholder. In this case, host communities, in order to enhance their corporate legitimacy in the oil region. In addition, oil companies should also increase the social performance initiative effort to the host communities so that the impression of host communities towards the MOC can be strengthened. Oil companies should sustain the present initiative effort on environmental performance, community perception and community relations with the host communities. The structural paths (CL → CR and RI → EP) with small effect size should be improved upon for the benefit of the oil companies and the host communities.

Table 7.12: Effect Size (Study 1- Employees of MOC)

Structural Path	Effect Size	Rating
CIS → EP	0.15	Medium
CL → CP	0.35	Large
CL → CR	0.04	Small
CSRI → CR	0.15	Medium
RI → EP	0.05	Small

Note: Interpretation of f^2 score: 0.02 small effect size, 0.15 medium effect size and 0.35 large effect size (Chin 1998b; Cohen 1988 & 1992).

► Assessing Predictive Relevance (Q^2)

This research examines if exogenous constructs have predictive power on the endogenous constructs using Geisser (1975), Stone (1974) predictive relevance with the blindfolding procedure. Hair et al. (2014a) argue that if the Q^2 value is greater than 0

($Q^2 > 0$), it shows that the exogenous constructs have predictive ability on the endogenous constructs. Table 7.13 indicates that the endogenous constructs (EP, CR, CP and SP values are > 0), This therefore, shows the predictive relevance and validity of model.

Table 7.13: Results of Predictive Relevance (Q^2) - Study 1

Construct	Predictive Relevance (Q^2)
Environmental Performance Factor	0.168
Community Relations Factor	0.191
Community Perception Factor	0.215
Social Performance Factor	0.201

Note: $Q^2 > 0$

7.12.1b Structural Model Testing – Study 2 (Host Communities)

► Assess the Path Co-efficient

In study 2 (host communities), the model in figure 7.4 showing that there were nine direct relationship results, and test of statistic for all paths were conducted via bootstrapping procedure. Researcher then assesses t-statistic on sample of 146 respondents and five hypotheses out of nine direct relationship, shows hypothesised path results of $t \geq 1.65$, and this shows significance at 0.01 level (see Table 7.14, fig. 7.4), indicating that these are not true for H1, H6, H7 and H9.

The result revealed that CIS was non-significant predictor of EP ($\beta = 0.127$, $t = 1.45$, $P > 0.01$). However, CIS was not a good predictor of EP. CL was found to have a positive and significant direct effect on CR ($\beta = 0.317$, $t = 3.92$, $p < 0.01$).

Likewise, CL has a positive and significant direct effect on CP ($\beta = 0.319$, $t = 3.85$, $p < 0.01$). RI has positive and direct effect on EP ($\beta = 0.430$, $t = 5.46$, $p < 0.01$). However, RI is a strong predictor of EP based on the beta value.

Similarly, CSRI has positive and direct effect on CR ($\beta = 0.303$, $t = 3.88$, $p < 0.01$). CSRI is non-significant predictor of CP ($\beta = 0.144$, $t = 1.49$, $p > 0.01$).

The EP is not a good predictor of SP ($\beta = -0.008$, $t = 0.82$ $p > 0.01$). CR has positive and direct effect on SP ($\beta = 0.309$, $t = 2.91$, $p < 0.01$).

In contrast, CP was non-significant predictor of SP ($\beta = 0.134$, $t = 1.22$, $p > 0.01$). Therefore, there is no support for hypothesised relationship between CP and SP.

The results provide support for H2, H3, H4, H5 and H8, but not for H1, H6, H7, and H9.

Overall, RI is the most influential predictor with positive and significant direct effect on EP in comparison CR and SP, CL and CP, CL and CR CSRI and CR based on the magnitude of β . Meanwhile, CL was more influential predictor of CP in comparison to RI and EP.

Table 7.14: Path- Coefficient Assessment- Study 2 (Host Communities: N = 146)

Hypotheses Relationship	Standard Beta	Standard Error (STERR)	t-Value	P- Value	Result
H1: CIS→EP	0.127	0.088	1.45 ^{ns}	0.13	Not Significant
H2: CL→CR	0.317	0.081	3.92**	0.00	Significant
H3: CL→CP	0.319	0.083	3.85**	0.00	Significant
H4: RI→EP	0.430	0.079	5.46**	0.00	Significant
H5 CSRI→CR	0.303	0.078	3.88**	0.00	Significant
H6: CSRI→CP	0.144	0.096	1.49 ^{ns}	0.13	Not Significant
H7: EP→SP	-0.08	0.99	0.82 ^{ns}	0.07	Not Significant

H8: CR→SP	0.309	0.106	2.91**	0.00	Significant
H9: CP→SP	0.134	0.11	1.22 ^{ns}	0.22	Not Significant

SE = standards error, *t* values are computed through bootstrapping procedure with 146 cases and 5000 samples, **P* < 0.05, ***P* < 0.01.

► Summary of the Results for Structural Model- Study 2 (Host Communities)

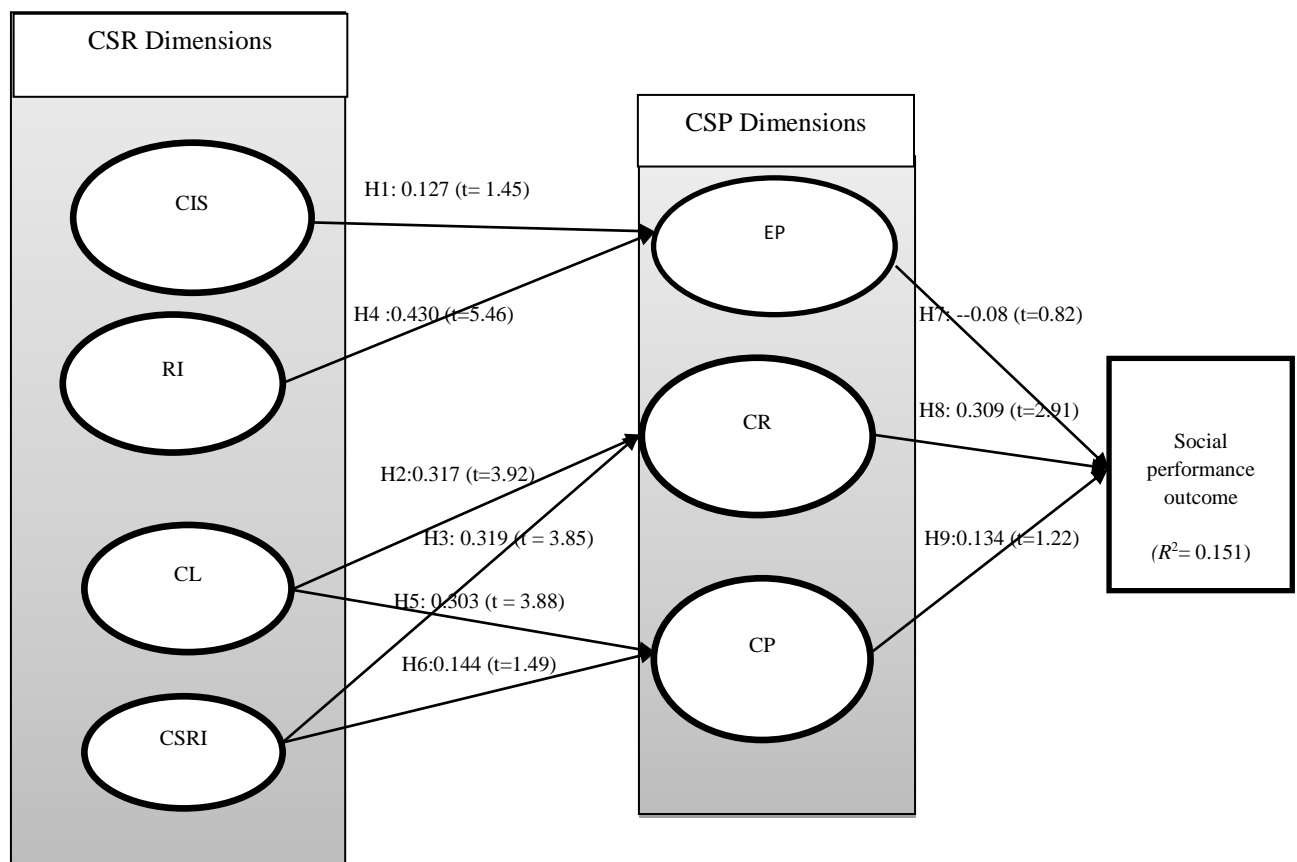


Figure 7.4: Model-Path Analytical Results of CSR and CSP Dimensions Relationship on Social Performance Outcome in Study 2 - Host Communities.

► Assess the Coefficient of Determination (R^2)

In study 2 (host communities), Table 7.15 illustrates the R^2 value for four endogenous constructs— environmental performance (EP), community relations (CR), community perception (CP) and social performance (SP). The R^2 value of 0.246 for EP shows that the exogenous constructs— CIS and RI, account for 24.6% of the variance in EP factor.

The R^2 value of 0.237 for CR indicates that CL and CSRI accounts for 23.7% of variance in CR factor. Similarly, the R^2 value of 0.141 for CP shows that CL and CSRI accounts for 14.1% of variance in CP factor. However, the R^2 value of 0.151 for SP shows that EP, CR and CP account for 15.1% of variance in SP factor. This study adopts R^2 value suggested by Cohen (1988): 0.26 – substantial, 0.13 – moderate and 0.02 – weak explanatory powers (Cohen, 1988).

In addition, the R^2 value for environmental performance factor, community relations factor, community perception factor and social performance factor (0.426, 0.237, 0.144 and 0.151) have values that are within moderate explanatory power, because all their endogenous factors (R^2) were above or within 0.13 threshold (e.g. Cohen, 1988).

Table 7.15: Coefficient of Determination (R^2)

Constructs	Coefficient of Determination R^2	Explanatory Power
Environmental Performance Factor	0.246	Moderate
Community Relations Factor	0.237	Moderate
Community Perception Factor	0.144	Moderate
Social Performance Factor	0.151	Moderate

Note: R^2 value as (0.26- substantial – 0.13 moderate – 0.02 weak (Cohen, 1988).

► Assessing the Effect Size f^2

In contrast to study 1, study 2 has nine hypothesized path relationships but only five hypothesized path relationships have significant effect, and are therefore, reported in this research. The effect size results in Table 7.16 indicate that (CL→CR) CL→CP), (CSRI→CR), and (CR→SP) have small effect sizes; while, RI→EP have medium effect size (e.g. Chin, 1998b; Cohen 1988 &1992). However, the result of effect sizes is presented in Table 7.16 in this study.

Based on the f^2 result in Table 7.16 the entire structural path has small effect size except path from (RI→EP) which has medium effect size. This result show that oil companies need to put in more effort in their relationship with the host communities. Oil companies need to work on community perception, social performance initiative effort and sustained the current trend in their environmental performance initiative effort.

Table 7.16: Effect Size (Study 2-Host Communities)

Structural Path	Effect Size	Rating
CL →CR	0.12	Small
CL →CP	0.11	Small
RI →EP	0.22	Medium
CSRI →CR	0.11	Small
CR →SP	0.11	Small

Note: Interpretation of f^2 score: 0.02 small effect size, 0.15 medium effect size and 0.35 large effect size (Chin 1998b; Cohen 1988 & 1992).

► Assessing Predictive Relevance (Q^2)

This research also assesses predictive accuracy of study 2 using Geisser (1975), Stone (1974) predictive relevance with the blindfolding procedure. In addition, researcher examines whether exogenous constructs have predictive power on the endogenous constructs (Hair et al. (2014a), but the rule of thumb is that if the Q^2 value is greater than 0 ($Q^2 > 0$), it indicates that the exogenous constructs have predictive ability on the endogenous constructs. However, all the endogenous constructs (EP, CR, CP, SP have results of ($Q^2 > 0$), which shows the predictive relevance and validity of model (see figure 7.4).

Table 7.17: Results of Predictive Relevance (Q^2) -Study 2

Construct	Predictive Relevance (Q^2)
Environmental Performance Factor	0.162
Community Relations Factor	0.117
Community Perception Factor	0.095
Social Performance Factor	0.064

Note: $Q^2 > 0$

7.13 Assessment of Mediation Effect for Study 1: (Employees of MOC) and Study 2: (Host Communities).

7.13a Assessment of Mediation Effect: Study 1 (Employees of MOC)

This section presents the mediation result of CSP dimensions (environmental performance, community relations and community perception) using non-parametric bootstrapping procedure to investigate the mediation effect for study 1 (e.g. Hair et al., 2014a; Preacher and Hayes, 2008). The indirect effect of CSP dimensions (environmental performance, community relations and community perception) between CSR dimensions (compliance to industry standards, corporate legitimacy, regulatory infractions and CSR initiatives) and social performance are presented. In addition, Table 7.18 and figure 7.5 present the summary of the indirect effect report. In support of the mediation effect of the hypothesised relationship, this study investigates the indirect effect in relation to total effect on the significant mediation results (e.g. Hair et al., 2014a; Preacher and Hayes, 2008). The intention is to determine the extent at which variance in the endogenous variables are directly explained by the exogenous variables (Hair et al., 2014b). Specifically, to determine the situation in which mediator variable, to some extent, absorbs the effect of an exogenous on the endogenous construct.

First, the mediation effects of environmental performance, community relations and community perception on both CSR dimensions (i.e. CIS, CL, RI and CSRI) and social

performances were examined. The result shows that the indirect effects for H10a, H10b, H11a, H11b, H12a and H12b were not supported, where H10a ($\beta = -0.048$, $t = 1.35$), H10b ($\beta = -0.031$, $t = 1.11$), H11a ($\beta = -0.000$, $t = 0.046$), H11b ($\beta = -0.107$, $t = 1.51$), H12a ($\beta = -0.002$, $t = 0.05$), H12b ($\beta = -0.010$, $t = 0.54$) have non-significant indirect effect. Next is to calculate the variance accounted for (VAF) based on the results of hypothesised mediation effect (e.g. Hair et al., 2014a; Preacher and Hayes, 2008). However, variance accounted for (VAF) may only applicable to significant hypothesised mediation effect (Hair et., 2014a).

In this case, mediation does not exist because of non-significant indirect effects (e.g. Zhao et al., 2010), indicating that mediators do not absorb some of the direct effect between CSR dimensions (CIS, CL, RI and CSRI) and social performance outcome (e.g. Hair et al., 2014a, Preacher and Hayes, 2008). Therefore, environmental performance (EP) does not mediate the relationship between (Compliance to industry standards and Social performance), and (Regulatory infractions and Social performance); community relations (CR) do not mediate the relationship between (Corporate legitimacy and social performance), and (CSR initiative and Social performance); community perception (CP) does not mediate the relationship between (Corporate legitimacy and Social performance), and (CSR initiative and Social performance) (see table 7.18).

Table 7.18: Mediating Results: Study 1 (Employees of MOC)

Hypothesis	Relationship	Direct Effect (t-Value) 'c	Indirect Effect (t-Value) a*b	Total Effect C	Result	VAF (%)	Interpretation
H10a	CIS→EP→SP	$\beta = -0.047^{ns}$ ($t = 0.52$)	$\beta = -0.048^{ns}$ ($t = 1.35$)	-0.095^{ns}	NS	N/A	No Mediation
H10b	RI→EP→SP	$\beta = 0.041^{ns}$ ($t = 0.54$)	$\beta = -0.031^{ns}$ ($t = 1.11$)	0.01^{ns}	NS	N/A	No Mediation
H11a	CL→CR→SP	$\beta = -0.345^*$ ($t = 3.05$)	$\beta = -0.000^{ns}$ ($t = 0.046$)	-0.345^{ns}	NS	N/A	No Mediation
H11b	CL→CP→SP	$\beta = -0.345^*$ ($t = 3.05$)	$\beta = -0.107^{ns}$ ($t = 1.51$)	-0.452^{ns}	NS	N/A	No Mediation

H12a	CSRI→CR→SP	$\beta = 0.084^{ns}$ (t= 0.89)	$\beta = -0.002^{ns}$ (t=0.05)	0.082^{ns}	NS	N/A	No Mediation
H12b	CSRI→CP→SP	$\beta = 0.084^{ns}$ (t = 0.89)	$\beta = -0.010^{ns}$ (t=0.54)	0.074^{ns}	NS	N/A	No Mediation

Note: **P<0.01, *P<0.05, VAF = Variance Accounted for, S = Significance, NS = Non-sig. NA = None

Applicable, VAF> 80% indicate Full Mediation, $\geq 20\%$ Partial Mediation, < 20% No Mediation.

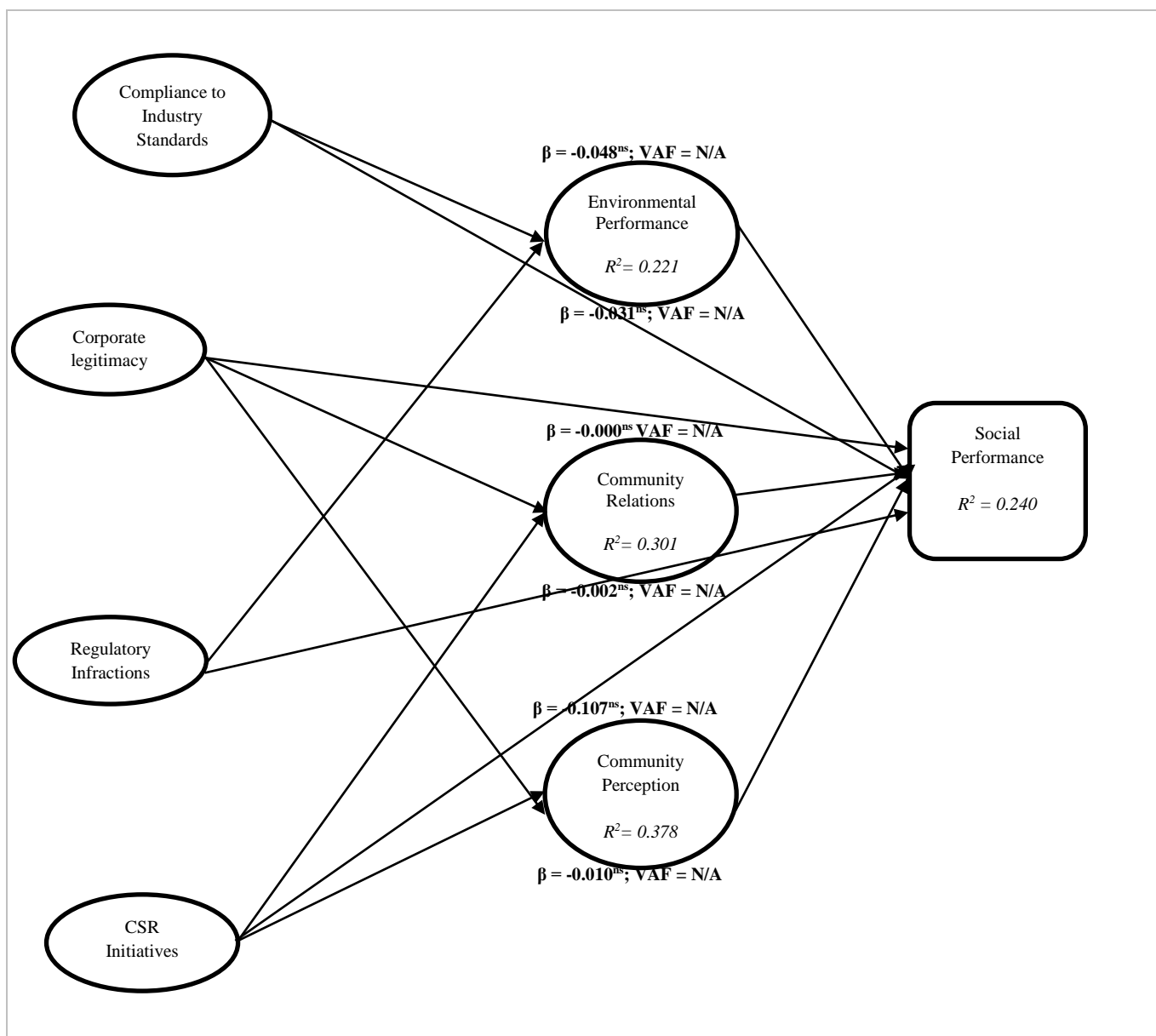


Figure 7.5: Summary of Mediation Result: Study 1 (Employees of MOC).

Note: ** $P < 0.01$, * $P < 0.05$ VAF = Variance Accounted for, NS = Non -Sig. NA = None Applicable, VAF > 80% indicate Full Mediation, $\geq 20\%$ Partial Mediation, < 20% No Mediation.

7.13 b Assessment of Mediation Effect: Study 2 (Host Communities)

In study 2, the mediation effects of CSP dimensions (environmental performance, community relations and community perception) were investigated between CSR

dimensions (i.e. compliance to industry standards, corporate legitimacy, regulatory infractions and CSR initiatives) and social performance (SP). Table 7.19 and figure 7.6 present the summary of the indirect effect report. Based on the indirect effect of the hypothesized path relationship as earlier proposed for study 2 (host communities), this study examines the significance of the indirect paths that emerged between independent and dependent variables (e.g. Hair et al., 2014a; Preacher and Hayes, 2008) via bootstrapping procedures.

First, the indirect effects of EP, CR and CP between both CSR dimensions (i.e. CIS, CL, RI and CSRI) and social performance were examined. The result indicated that the indirect effect of H11a and H12a were supported, where H11a ($\beta = 0.098$, $t = 2.47$) and H12a ($\beta = 0.094$, $t = 2.14$) have significant results. Hair et al. (2014a) argue that the variance accounted for (VAF) in any study is determined by the size of indirect effect relative to total effect which indicates that (VAF > 80%: Full Mediation, $\geq 20\%$ Partial Mediation, < 20% No Mediation). Based on this threshold, H11a indicates the indirect effect of CR between (CL and SP) has VAF score of (251%) with full mediation result, while H12a shows the indirect effect of CR between (CSRI and SP) has VAF score of (51.09%) indicating partial mediation. As a result, CR mediate the relationship between (CL and SP), (CSRI and SP) as revealed by mediation result.

In contrast, the result of H10a, H10b, H11b and H12b showed non-significant indirect effect. Due to non-significant of the other four mediation effects. Therefore, it may not be applicable to determine the VAF on individual hypothesized indirect effect. In which case, EP does not mediate the relationship between both (CIS and SP) and (RI and SP), likewise, CP does not mediate the relationship between both (CL and SP) and (CSRI and SP) (see Hair et al., 2014a; Preacher and Hayes, 2008).

Table 7.19: Mediating Results: Study 2 (Host Communities)

Hypothesis	Relationship	Direct Effect (t-Value) 'c	Indirect Effect (t-Value) a*b	Total Effect C	Result	VAF (%)	Interpretation
H10a	CIS→EP→SP	$\beta = 0.107^{ns}$ (t= 1.13)	$\beta = -0.01^{ns}$ (t= 0.62)	0.097^{ns}	NS	N/A	No Mediation
H10b	RI→EP→SP	$\beta = 0.049^{ns}$ (t= 0.42)	$\beta = -0.035^{ns}$ (t= 0.76)	0.014^{ns}	NS	N/A	No Mediation
H11a	CL→CR→SP	$\beta = -0.059^{ns}$ (t= 0.53)	$\beta = 0.098^*$ (t= 2.47)	0.039^{ns}	S	251	Full Mediation
H11b	CL→CP→SP	$\beta = -0.059^{ns}$ (t= 0.53)	$\beta = 0.043^{ns}$ (t= 1.19)	-0.002^{ns}	NS	N/A	No Mediation
H12a	CSRI→CR→SP	$\beta = 0.089^{ns}$ (t= 0.87)	$\beta = 0.094^*$ (t= 2.14)	0.182^*	S	51.09	Partial Mediation
H12b	CSRI→CP→SP	$\beta = 0.0089^{ns}$ (t = 0.87)	$\beta = 0.02^{ns}$ (t= 0.78)	0.109^{ns}	NS	N/A	No Mediation

Note: **P<0.01, *P<0.05, VAF = Variance Accounted for, S = Significance, NS = Non-Sig. NA = None

Applicable, VAF> 80% indicate Full Mediation, ≥ 20% Partial Mediation, < 20% No Mediation.

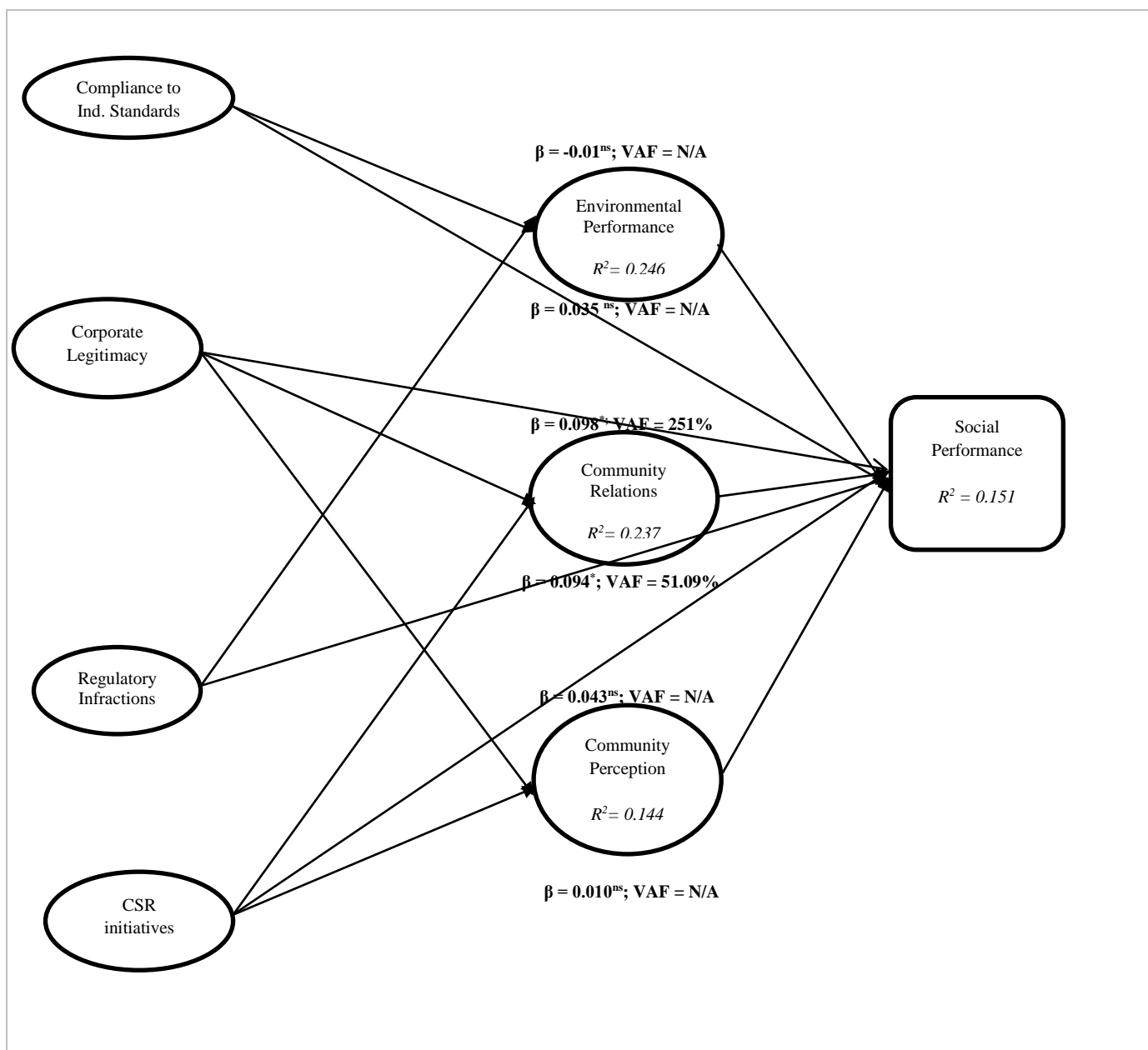


Figure 7.6: Summary of Mediation Results: Study 2 (Host Communities)

Note: **P<0.01, *P<0.05 VAF = Variance Accounted for, NS = Non -Sig. NA = None Applicable, VAF> 80% indicate Full Mediation, $\geq 20\%$ Partial Mediation, < 20% No Mediation.

7.14 Assessing the Moderation Effect

This research assesses the moderating effect of the demographic characteristics (i.e. sex, educational background and marital status) on the measurement used between study 1

and study 2 in a PLS-SEM). The interaction terms between the moderator and the predicting variables were created to investigate its effect on endogenous variable.

7.14a Assessment of Moderation Effect: Study 1 (Employees of MOC)

This section assesses the interaction effect of demographic variables (sex, educational background and marital status) between CSR dimensions (CIS, RI, CL and CSRI) and social performance outcome for study 1. Table 7.20 and figure 7.7 report the moderating effect of sex, educational background and marital status on the relationship between CSR dimensions (compliance to industry standards, regulatory infractions, and corporate legitimacy and CSR initiatives) and social performance outcome.

Table 7.20 and figure 7.7 show three hypothesised moderation effects of demographic variables (e.g. sex, educational background and marital status) between CSR dimensions and social performance outcome that were formulated (e.g. H_{13a}, H_{13b}, H_{13c}). The result indicated one significant interaction terms- CSR dimensions *Educational background ($\beta=0.255$, $t\text{-value}=1.95$, $p<0.05$). Since educational background was coded 1 as high education and 0 as low education, beta figure with positive value indicates that the interaction effect enhanced high education performance, while negative value indicates the enhancement of low education performance. As a result, high education signifies that measures of CSR dimensions and social performance outcome are better understood by the respondents who are well educated. Hence H_{13b} was supported. On the other hand, two interactions were not supported- H_{13a} (CSR dimensions *Sex) and H_{13c} (CSR dimensions *Marital status).

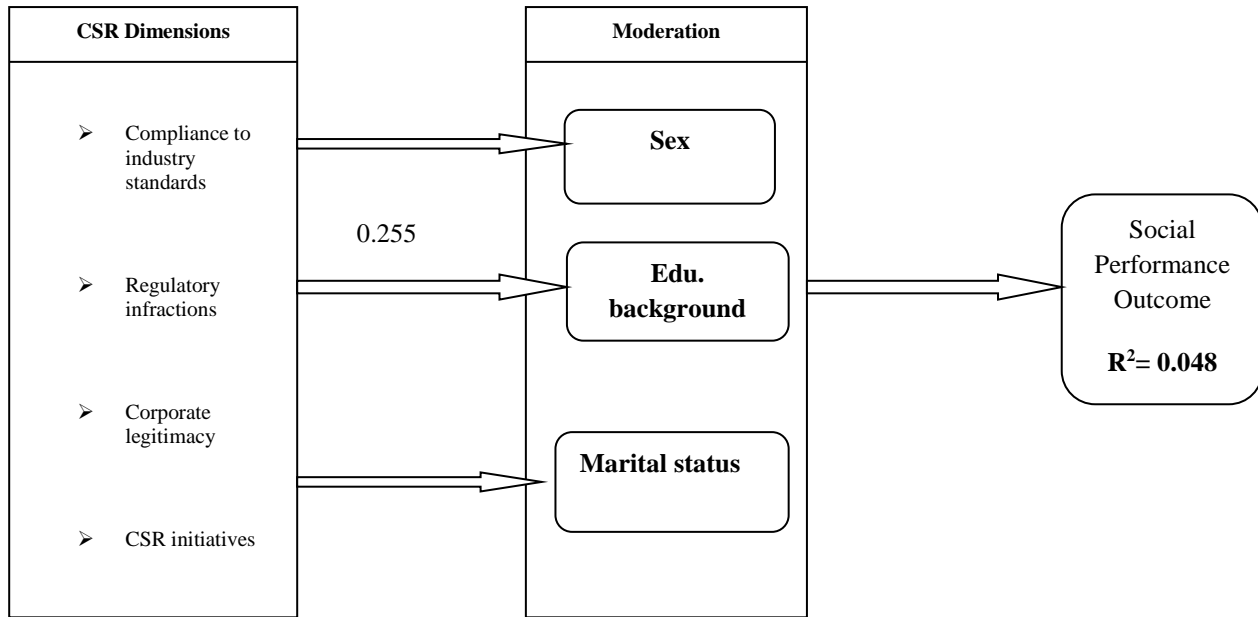


Figure 7.7: The Interaction Effect Model for Study 1

Table 7.20: Moderation of Demographic Characteristics for Study 1 (Employees of MOC)

Hypothesis	Relationship	Std. Beta	Std. Error	t-value	p-value	Decision
H13a	CSR dimensions *Sex → Social Performance Outcome	0.240	0.142	1.70	0.090	NS
H13b	CSR dimensions *Edu background → Social Performance Outcome	0.255	0.131	1.95	0.053	S
H13c	CSR dimensions *Marital status → Social Performance Outcome	-0.218	0.130	1.67	0.097	NS

Note: ** $p < 0.01$, * $p < 0.05$; SP: Social Performance; S: Significant; NS: Not Significant

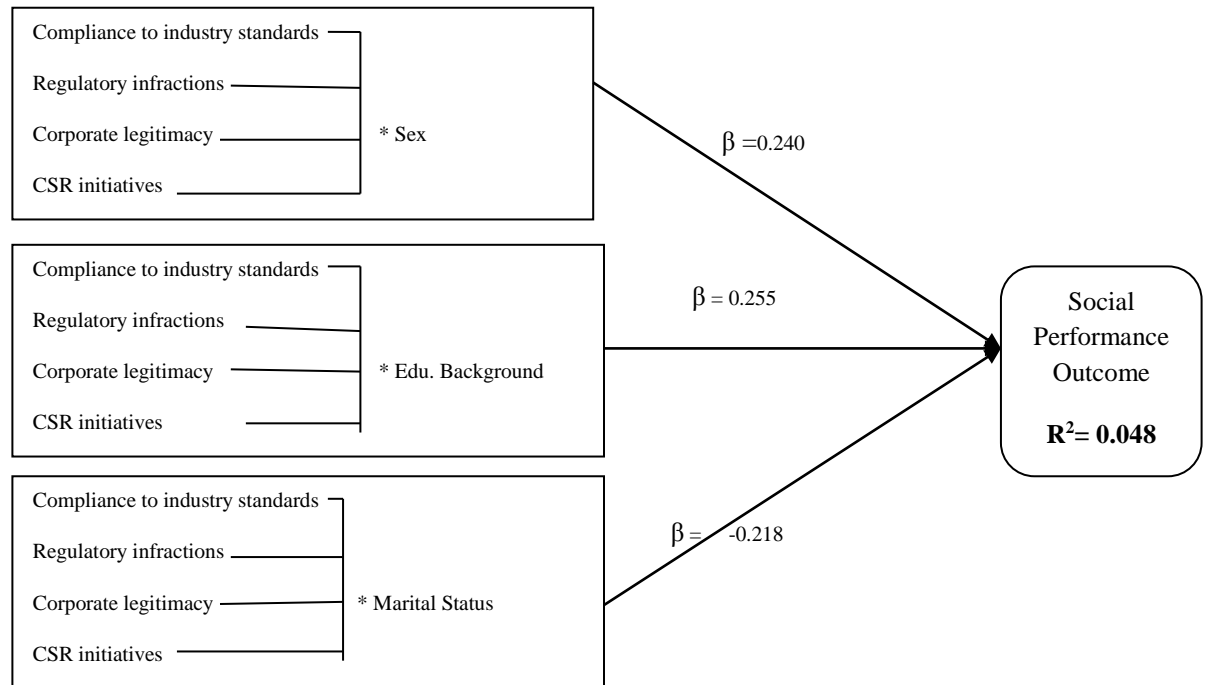


Figure 7.8: Summary of Results of Moderation for Study 1 (Employees of MOC)

Note: ** $p < 0.01$, * $p < 0.05$; EP: Environmental Performance; CR: Community Relations; CP: Community Perception SP: Social Performance

Drawing from one significant interactions effect for study 1, plot was depicted to interpret the nature of interaction following the steps used by Dawson (2014). One interaction plot was drawn based on the significant moderating effect of H_{13b} . As shown in figure 7.9. The line labelled for high education has steeper gradient (predicted value for low CSR dimensions on social performance outcome: 6.142 and high CSR dimensions on social performance outcome: 6.572). Compared to low education under CSR dimensions (predicted value for low CSR dimensions on social performance outcome: 5.840 and high CSR dimensions on social performance outcome: 6.685). This provides an indication that CSR dimensions affect positively on social performance in high education, but not in low education.

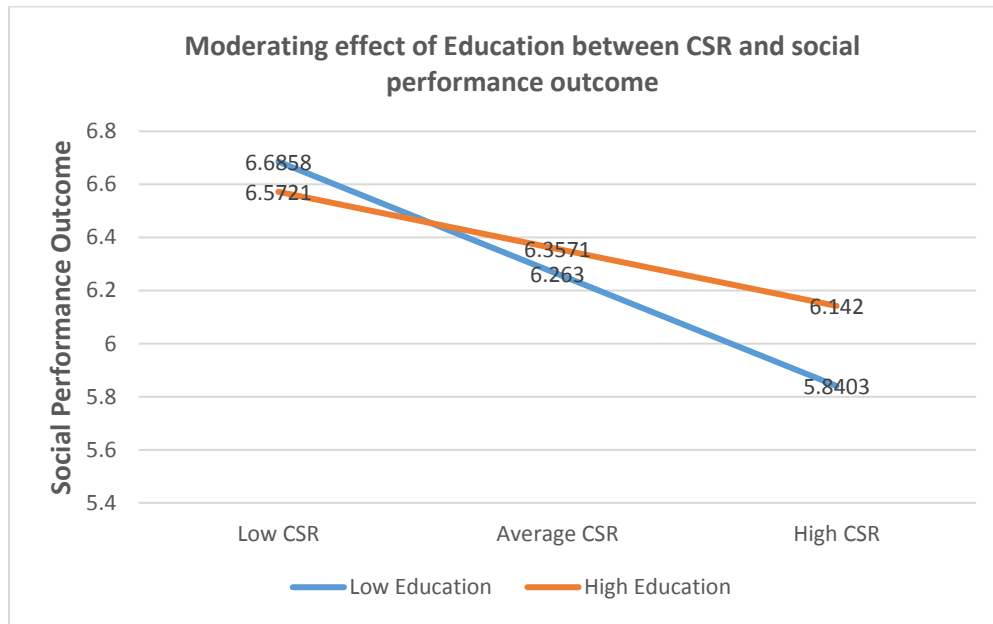


Figure 7.9: CSR Dimensions *Education Interaction Plot

7.14b Assessment of Moderation Effect: Study 2 (Host Communities)

This section assesses the interaction effect of demographic variables (sex, educational background and marital status) between CSR dimensions (CIS, RI, CL and CSRI) and social performance outcome for study 2. Table 7.21 and figure 7.10 reports the moderating effect of sex, educational background and marital status on the relationship between CSR dimensions (compliance to industry standards, regulatory infractions, and corporate legitimacy and CSR initiatives) and social performance outcome.

Table 7.21 and figure 7.10 show three hypothesised moderation effects of demographic variables (e.g. sex, educational background and marital status) between CSR dimensions and social performance outcome that was formulated (e.g. H_{13a}, H_{13b}, H_{13c}). The results indicated that none of the interaction terms- CSR dimensions *Sex, CSR dimensions

*Educational background and CSR dimensions *marital status were significant.
Therefore, all the three hypothesised moderating relationships were not supported (e.g. H_{13a}, H_{13b}, H_{13c}).

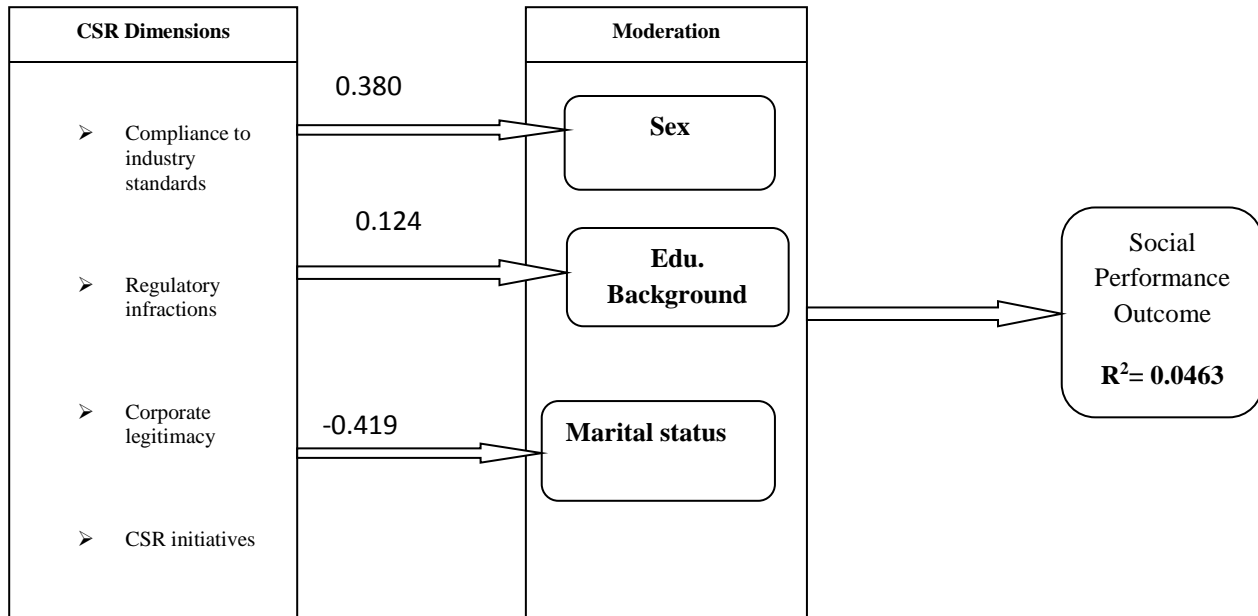


Figure 7.10: The Interaction Effect Model for Study 2

Table 7.21: Moderation of Demographic Characteristics for Study 2 (Host Communities)

Hypothesis	Relationship	Std. Beta	Std. Error	t-value	p-value	Decision
H13a	CSR dimensions *Sex → Social Performance Outcome	0.380	0.210	1.81	0.072	NS
H13b	CSR dimensions *Edu background → Social Performance Outcome	0.124	0.182	0.68	0.410	NS
H13c	CSR dimensions *Marital status → Social Performance Outcome	-0.419	0.224	1.87	0.063	NS

Note: ** $p < 0.01$, * $p < 0.05$; SP: Social Performance; S: Significant; NS: Not Significant

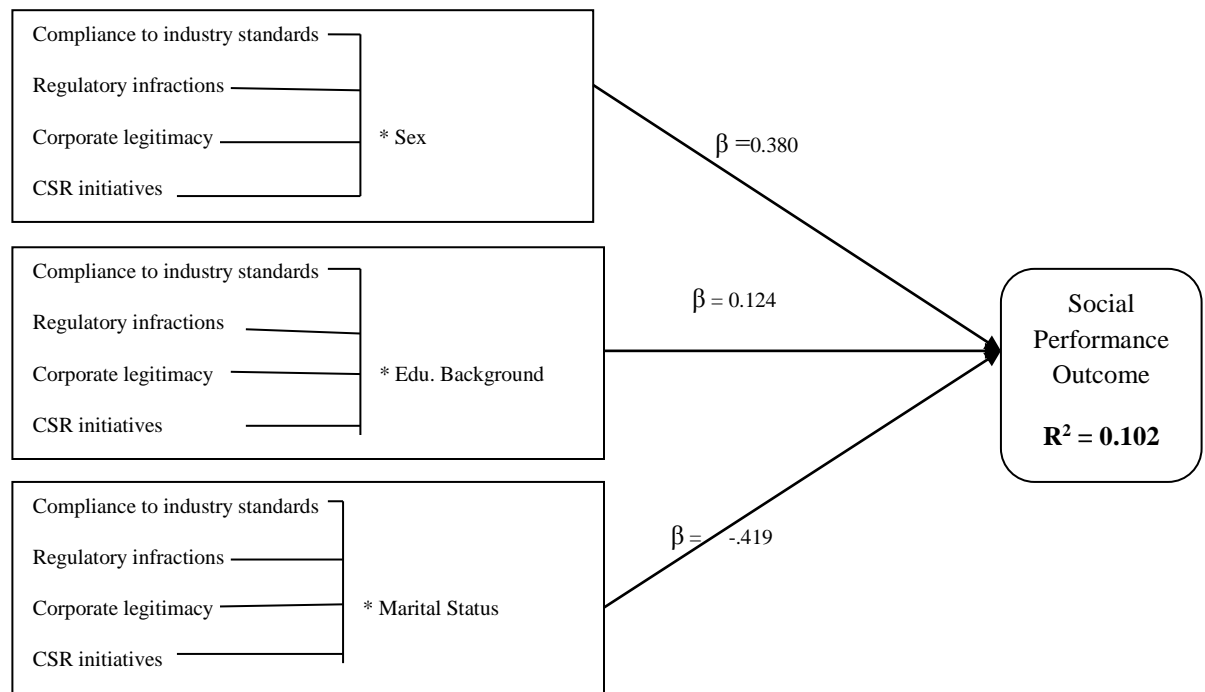


Figure 7.11: Summary of Results of Moderation for Study 2 (Host Communities)

*Note: ** $p < 0.01$, * $p < 0.05$; EP: Environmental Performance; CR: Community Relations; CP: Community Perception; SP: Social Performance*

Drawing from non-significant interactions effect for study 2 exhibited by the three-hypothesised moderating effect, all the interactions terms were not supported- H_{13a} (CSR dimensions *Sex), H_{13b} (CSR dimensions *Educational background) and H_{13c} (CSR dimensions *Marital status), therefore, plot depicted the nature of relationships might not be feasible.

7.15 Comparing Group Differences between Study 1 and Study 2

The idea in this research was to establish measurement equivalence between study 1 (employees of MOC) and study 2 (host communities) as a precondition for conducting multi-group analysis. For this reason, researcher can be confident that group differences in model estimates do not result from the distinctive content (Hair et al., 2017). To this, it is also argued that it concerns the meaning of latent variables across groups. However, data equivalence was established to ascertain source of measurement error,

before and after data collection (Hult et al., 2008). In the present study, after assessing the measures used for study 1 (employees of MOC) and study 2 (host communities) it was discovered that the measures were different from each other which otherwise violated the condition for measurement invariance (Hair et al., 2017). Consequently, this research cannot proceed with measurement equivalence which is precondition for multi-group analysis for any research that is conducted on two different groups (e.g. Hult et al., 2008; Hair et al., 2017).

As a result, this research further presents the measures used for study 1 and study 2 as evidence to justify the inability of this study to proceed with establishment of measurement invariance which is the requirement for conducting multi-group analysis.

For study 1, compliance to industry standard (CIS) retained and captured items B4 and B6. while, items B1, B2, B3 and B5 were dropped. Corporate legitimacy (CL) retained and captured items D3, D4 and D5. Meanwhile, Items D1, D2 and D6 were dropped. Community perception (CP) retained and captured items BI2, BI3, BI4, BI5 and BI6. On the other hand, item BI1 was dropped. Community relations (CR) retained and captured items BG3 and BG5. Whereas items BG1, BG2 and BG4 were dropped. CSR initiatives (CSRI) retained and captured items C3, C4 and C5. While, items C1, C2 and C6 were dropped. Environmental performance (EP) retained and captured BH2 and BH4. While, items BH1, BH3, BH5 and BH6 were dropped. Regulatory infractions (RI) retained and captured item E1. Meanwhile, items E2, E3, E4 and E5 were dropped. Social performance (SP) retained and captured items BF1 and BF3. Whereas, items BF2 and BF4 were dropped.

Based on the above, some items were retained, and others were dropped from the constructs for study 1. However, all the items retained by their respective construct were above the acceptable threshold of 0.7 (e.g. Hair et al., 2014a). Meanwhile, those items that were dropped by each construct have results less than 0.7 acceptable threshold. Hence, they violate the guidelines for using PLS-SEM.

In contrast, for study 2: compliance to industry standard (CIS) retained and captured items B1 and B2. While, items B3, B4, B5 and B6 were dropped. Corporate legitimacy

(CL) retained and captured items D1, D3 and D5. Whereas, Items D2, D4 and D6 were dropped. Community perception (CP) retained and captured item BI2. Meanwhile, items BI1, BI3, BI4, BI5 and BI6 were dropped. Community relations (CR) retained and captured items BG2, BG3 and BG4. While items BG1 and BG5 were dropped. CSR initiatives (CSRI) retained and captured items C2, C4 and C5. While, items C1, C3 and C6 were dropped. Environmental performance (EP) retained and captured BH2 and BH4. Whereas, items BH1, BH3, BH5 and BH6 were dropped. Regulatory infractions (RI) retained and captured items E1, E2 and E4. While, items E3 and E5 were dropped. Social performance (SP) retained and captured items BF2 and BF4. Whereas, items BF1 and BF3 were dropped.

In study 2, discussion was centred on the retained and dropped items from the constructs. Though, all the items retained by their respective constructs were above the acceptable threshold of 0.7 (e.g. Hair et al., 2014a). In contrast, items dropped from each construct have results less than 0.7 acceptable threshold. Therefore, they violate the guidelines for using PLS-SEM in study 2.

Guided by the discussion for study 1 & study 2 above, it is clear here that measures used by both groups differs, except environmental performance (EP) which have similarities in items that measures the constructs in both groups. Measurement equivalence involves comparing the operationalization of the constructs (e.g. Hult et al., 2008; Mullen, 1995), in term of wording, scaling and sorting of measures across different population. As a result, measurement invariance which is precondition for conducting multi-group analysis between the two sub-groups were not met. Therefore, measurement invariance and multi-group analysis are considered not to be relevant in this research.

Table 7.22 further confirms the similarities between study 1 (employees of MOC) and study 2 (host communities) in terms of the measures used for the constructs between the two sub-groups.

Table 7.22: Measures Used for Study 1 and Study 2

Construct	Study 1 Measures	Study 2 Measures	Similar Measures
CIS	B4 and B6	B1 and B2	NIL
CL	D3, D4 and D5	D1, D3 and D5	D3 and D5
CP	BI2, BI3, BI4, BI5 and BI6	BI2	BI2
CR	BG3 and BG5	BG2, BG3 and BG4	BG3
CSRI	C3, C4 and C5	C2, C4 and C5	C4 and C5
EP	BH2 and BH4	BH2 and BH4	BH2 and BH4
RI	E3	E1, E2 and E4	NIL
SP	BF1 and BF3	BF2 and BF4	NIL

Construct Measures

7.16 Overall Hypotheses Results for Study 1 and Study 2

This section summarizes the results of hypotheses in this research (i.e. study 1 & study 2). The path analysis results of hypothesised relationships of direct effect using bootstrapping techniques, mediating analysis (see Preacher and Hayes, 2008), and interaction term techniques to assess the moderating effect (e.g. Hair et al., 2014) as presents in Table 7.23.

Table 7.23: Summary of Hypothesis Testing for Study 1 & Study 2

Hypothesis	Description	Results (Study 1)	Results (Study 2)
H1	There is a positive relationship between compliance to industry standards and environmental performance by MOC in Nigeria	Supported	Not Supported
H2	There is a positive relationship between corporate legitimacy and community relations by MOC in Nigeria	Supported	Supported
H3	There is a positive relationship between corporate legitimacy and community perception by MOC in Nigeria.	Supported	Supported

H4	There is a positive relationship between regulatory infractions and environmental performance by MOC in Nigeria.	Supported	Supported
H5	There is a positive relationship between CSR initiatives and community relations by MOC in Nigeria.	Supported	Supported
H6	There is a positive relationship between CSR initiatives and community perception by MOC in Nigeria.	Not Supported	Not Supported
H7	Environmental performance is positively related to social performance outcome of MOC in Nigeria.	Not Supported	Not Supported
H8	Community relation is positively related to social performance outcome of MOC in Nigeria.	Not Supported	Supported
H9	Community perception is positively related to social performance outcome of MOC in Nigeria.	Not Supported	Not Supported
H10a	Environmental performance (EP) mediates the effect of compliance to industry standards (CIS) on social performance outcome of MOC in Nigeria.	Not Supported	Not Supported
H10b	Environmental performance (EP) mediates the effect of regulatory infractions (RI) on social performance outcome of MOC in Nigeria	Not Supported	Not Supported
H11a	Community relation (CR) mediates the effect of corporate legitimacy (CL) on social performance outcome of MOC in Nigeria.	Not Supported	Supported
H11b	Community Perception (CP) mediates the effect of corporate legitimacy (CL) on social performance outcome of MOC in Nigeria.	Not Supported	Not Supported
H12a	Community Relations (CR) mediates the effect of CSR initiatives (CSRI) on social performance outcome of MOC in Nigeria.	Not Supported	Supported
H12b	Community perception (CP) mediates the effect of CSR initiatives (CSRI) on social performance outcome of MOC in Nigeria	Not Supported	Not Supported
H13a	Sex moderates the effect of relationship between CSR dimensions (CIS, RI, CL and CSRI) and social performance outcome of MOC in Nigeria.	Not Supported	Not Supported
H13b	Educational background moderates the effect of relationship between CSR dimensions (CIS, RI, CL and CSRI) and social performance outcome of MOC in Nigeria.	Supported	Not Supported
H13c	Marital Status moderates the effect of relationship between CSR dimensions (CIS, RI, CL and CSRI) and social performance outcome of MOC in Nigeria.	Not Supported	Not Supported

Source: Author

7.17 Summary of Chapter Seven

This chapter presents the results of data analysis. In addition, sections 7.2 and 7.3 provide the analytical research objectives and conceptual framework as presented in chapter four of this research. Sections 7.4 and 7.5 summarise the justification for the research model as earlier discussed in conceptual framework. Also, the overview of the present research methodology was outlined. Sections 7.6 and 7.7 present data collection procedure and data preparation (i.e. data cleaning and common method variance). Demographic profile of the respondents was provided in section 7.8 for study 1 and study 2.

Furthermore, sections 7.9, 7.10 and 7.11 discussed the analytical strategy, measures outline, and reflective measurement assessment conducted using (composite reliability, average variance extracted (AVE) and discriminant validity) for study 1 and study 2. In sections 7.12 and 7.13, evaluation of structural model was presented via (i.e. path coefficient, coefficient of determination (R^2), effect size (f^2) and predictive relevance (Q^2)) for study 1 and study 2. In addition, Study 1 revealed that five hypothesized path relationships were significant (H1, H2, H3, H4, H5), however, (H6, H7, H8 and H9) have non-significant hypothesized relationship. Whereas, study 2 also shows that five hypothesized path relationships were significant (H2, H3, H4, H5 and H8). In contrast, (H1, H6, H7 and H9) have non-significant path relationship. Sequence to this, test for mediation was conducted to assess mediation effect of (EP, CR and CP) between (CIS, CL, RI and CSRI) and SP. All the indirect effects of mediating variables were not significant in study 1, and only indirect effects of hypothesized path relationship for H11a and H12a were significant between (CL \rightarrow CR \rightarrow SP and CSRI \rightarrow CR \rightarrow SP) in study 2, however, other Hypothesized path relationship (H10a, H10b, H11b and H12b) have non-significant indirect effect.

Section 7.15 compares study 1 and study 2 results, based on this; reason was provided for not performing measurement invariance a precondition for multi-group analysis. In section 7.16, the summary of the results of the hypothesis is outlined for direct, mediating and moderating relationship for study 1 and study 2.

Chapter Eight

Discussion and Findings

8.0 Introduction

This chapter is built on previous discussion on data analysis and results in chapter seven. In the quest to gather relevant literature to support the research, it was observed that there are few theoretical and empirical studies on the effect of CSR and stakeholder management on corporate social performance of MOC in Nigeria. Previous studies in Nigeria, particularly, in Nigerian oil industry concentrated on Shell Nigeria and the Ogoni, CSR and societal governance (Boele et al. 2001; Frynas, 2010). However, this study relies on the studies conducted by (Frynas, 2005; Idemudia and Ite, 2006), particularly, in Nigeria oil region where corruption, poverty, crime, unemployment, bad governance and underdevelopment have become endemic (Frynas, 2005; Idemudia and Ite, 2006). This research is the first attempt in Nigeria (based on the reviewed of the relevant literature and knowledge of the author) to investigate the effect of CSR and corporate social performance on two main stakeholders (e.g. employees of MOC and host communities) in the Nigeria oil industry. The chapter also contains the findings of the achievement in respect of this study and its objectives earlier set out at the beginning of this research. In addition, it also discusses the logical flow from previous chapters presented (*see chapter seven, figure 7.1*), and show steps in this thesis that led to the present chapter.

The study is embarked on because of gaps identified from previous research on CSR and CSP on employees and the host communities as the main stakeholders, within a totally new research context, that of the Nigerian oil industry. Despite its centrality in CSR research (Carroll, 2015; Matten and Moon 2008; Turker, 2009b), these dimensions (compliance to industry standards, corporate legitimacy, regulatory infractions and CSR initiatives) still lie at an embryonic stage of investigation, particularly, as a firm-wide phenomenon. This is especially so in the context of Nigerian oil industry as these dimensions have not been investigated. However, CSR dimensions (compliance to

industry standards, corporate legitimacy, regulatory infractions and CSR initiatives) influence social performance outcome via CSP dimensions (environmental performance, community relations and community perception) as demonstrated by this research conceptual model (*see Chapter seven, figure 7.2*).

The present research investigated the notion of CSR dimensions (Compliance to industry standards, corporate legitimacy, regulatory infractions and CSR initiatives) and social performance outcome via CSP dimensions (environmental performance, community relations and community perception). In doing so, the study merges previous literature in CSR and CSP under stakeholder theory (ST), legitimacy theory (LT) and social contract theory (SCT) framework on social performance of MOC in Nigeria. Due to scarcity of previous relevant empirical studies, this framework is refined based on the results of quantitatively tested theory through a large-scale survey research.

As earlier discussed, the main objective of this research is to investigate the effect of corporate social responsibility (CSR) and corporate social performance (CSP) on employees and the host communities as main stakeholder of MOC in Nigeria based on the underlying six specific research objectives previously presented in chapter four of the study conceptual model. In sum, research findings under each study objective are discussed as follow.

8.1 Research Findings Specified Under Each Study Objective

8.1.1 Findings on Objective One

Objective One: To investigate the influence of compliance to industry standards on environmental performance by MOC in Nigeria

Objective one was achieved through a comprehensive literature review in chapter four of the thesis. In addition, the hypothesised paths relationship between CIS → EP shown in figure 7.3 & 7.4 (*chapter seven*) was found to be statistically established. This aided this research model to capture the relationship between compliance to industry standards (CIS) and environmental performance (EP) reflectively.

In the literature review, it was established by Hussein (2010 p. 428) the standards or criteria that executives should be used to evaluate CSR. 'Through their ranking, the panellist indicated that corporation should be evaluated first, on its level of adherence to prevailing law'. It was clearly stated by the panellist that the executive prioritisation of law adheres is an interesting phenomenon since law (i.e. enacted, monitored, and enforce by government) in principle, serves public interests. Besides, since it is common phenomenon that culture is assumed to be a container of history, and the way things are done (Hussein, 2010); it therefore, supports the logic of perceiving vestiges of historical attitude align with the current thinking. This research takes the stock of agreement in an attempt to suggest a more general framework, in order to encourage emerging or developing countries to embrace the underlying principles guiding the practice of CSR in term of maintaining corporate standards in relations to environmental performance of the multinational oil in Nigeria.

While many of the MOC in Nigeria, particularly, the big one's endeavour to operate within the ambit of laws as specified by their parent companies, in some cases the operating system in the host country might not encourage such practice. For example, 'revelations published by Global Witness in 2012 revealed how in 2011, Shell and the Italian company Eni agreed to make a payment of \$1.1 billion to acquire an oil concession from the Nigerian government, which landed in the hands of a former Nigerian oil minister convicted of money laundering' (Hennchen, 2015, p. 10). As such, the details of the opaque payment only come to limelight through the court case in New York that focused on a different aspect of the oil deal. Moreover, the court judgement and subsequent statements by the Nigerian Attorney General suggest that Shell and Eni must have gotten the pre-knowledge that the money will eventually transferred to the company controlled by the minister (Hennchen, 2015). However, this case is subject to UK criminal investigation and the Nigeria House of Representatives.

Furthermore, effort by MOC in Nigeria to sustain the prevailing ethical code of conduct regarding their operating standards usually faced with stiff resistance in the host communities where they conduct their business. This assertion further supported by Orogun (2010 p. 503) who concluded that 'the phenomenon of illegal oil bunkering and

the renewed phase of militancy, insecurity, and youth restiveness in Nigeria's crude oil producing region which has created far reaching domestic, regional and international effects with regards to regional security in the West African region. Undoubtedly, insurgency has fuelled the resurgence of criminal syndicates, war-lordship and gravely intensified a climate of impunity, human right violations and eventually resulted into extra-judicial killings in the volatile Niger-Delta.

The objective was also supported by Eweje (2006a p. 43) when he cited Shell business philosophy argument based on business principles and code of conduct stated as follows: 'Deriving from those is our responsible operatorship. We have a very healthy, safe and environmental seeking policy and deriving from that is our practice to operate our fields in a responsible manner. But that is not to say there will be no accidents. There is no operation of man where you do not have seeing mistakes or accidents. We recognise the possibility of accidents and we have contingency plan which is monitored by the regulatory body (The Department of Petroleum Resources), and this contingency plan is there to be deployed in the event of failure and we are well equipped to deal with any spillage cleaning'. Moreover, oil companies have come to realise that having environmental policy is not enough to stop demonstration and sabotage against their oil installations (Eweje, 2006a). It is explained that oil companies should persuade the host communities that they have good ethical standards. Specifically, the host communities assert that they will be delighted, if the MOC could behave in accordance with the guideline specified by their parent offices (Eweje, 2006a).

Orts and Strudler (2002 p. 226) support this objective by arguing that 'environmental management in the case of Exxon Valdez case, through Exxon managers, took great and foreseeable risks with natural environment along the Alaskan coast in pursuit of profits, and their policies and actions allowing these risks were wrong. Thus, if there is any disagreement about the right course of action for Exxon in the case of the Valdez spill, our general point remains- just as every firm has a moral responsibility to obey the law, so too every firm, including Exxon, has a moral responsibility to "do the right thing" with respect to natural environment, regardless of its human stakeholders. Identifying the "right thing" to do in environmental cases is often difficult. However, we do not

mean that Exxon must feel itself morally compelled to transform itself into a non-profit charitable environmental group to advance the cause of environmental protection. Nor Exxon should allocate all its resources to reducing any risk of oil spill to extreme small probabilities. Instead, Exxon's business must include environmentally responsible management'.

Table 7.10 and 7.14 in chapter seven depict the parameter estimate (calculation SmartPLS: Bootstrapping) analysis of the hypothesised paths relationship between compliance to industry standards (CIS) and environmental performance (EP) regarding study 1 (employees of MOC) and study 2 (host communities). However, there is a positive and direct effect of relationship between CIS and EP in study 1 ($\beta = 0.336$ $t = 3.86$, $P < 0.01$), but, CIS is non-significant predictor of EP in study 2 ($\beta = 0.127$, $t = 1.45$, $P > 0.01$). The result supports the research objective in study 1. Meanwhile, the hypothesized relationship does not support research objective in study 2.

In addition, this study attests to the fact that positive relationship between compliance to industry standards (CIS) and environmental performance (EP) based on the result of study 1 will enhance social performance outcome of oil companies in Nigeria. Contrarily, the result of study 2 shows that relationship between compliance to industry standards (CIS) and environmental performance (EP) was not supported. Therefore, it is an indication that oil companies in Nigeria still need to be responsive to the industry regulations in order to ensure better environmental performance in the long run. Nonetheless, adequate compliance to industry standards (CIS) is a panacea for effective environmental performance on social performance outcome of oil companies in Nigeria, particularly, as it relates to their CSR initiatives strategy towards its employees and host communities.

Literature on CSR reveals that it is very difficult to measure CSR objectively without an identified construct (e.g. Carroll, 2015; Turker, 2009a). As such, it is essential to provide clarification regarding 'CSR'. Therefore, this study has analysed the backdrop of CSR ideas and shown its theoretical complexity. On this background, research objective one was developed to address difficulty in measuring CSR based on the identified construct. Besides, Nigeria, an emerging/ developing country was chosen as

the context upon which this empirical research study was conducted. In addition, this research analytical format was centre on questions relating to CSR and CSP relationship about social performance outcome definitions which was analysed quantitatively (i.e. questionnaire-survey). Based on this, deductive theorising was involved regarding the development of CSR definition with the aim of testing theory. The study also investigates the possibility of addressing the divergent views regarding the perspectives and interests of the advocates of CSR (*e.g. managers, academics, practitioners, etc.*), while trying to distinguish practice from theory, empirical from normative or vice-versa. Based on theoretical and empirical findings in this study, it is demonstrated that CSR is consistent with norms, values, and beliefs of the context where the present study is undertaken, in this case Nigeria.

In sum, major findings in this study demonstrate how objective one has been achieved. In addition, the background of the research was clearly established, the need for the study was further strengthened, and the required theoretical underpinning the investigation was provided. In the context of developing or emerging country, the relationship between compliance to industry standards and environmental performance has positive effect on social performance outcome in term of the benefits accrued to both the oil companies' employees and the host communities in the long run (*e.g. Ruf et al., 1998*).

8.1.2 Findings on Objective Two

Objective Two: To investigate the influence of corporate legitimacy on community relations by MOC in Nigeria.

The literature reviews on research objective two acknowledge the effort of previous studies on corporate legitimacy and community relations. This objective was achieved through a detailed literature review in chapter four of the thesis. The hypothesised paths relationship between CL → CR shown in figure 7.3 and 7.4 (*chapter seven*) was found to be statistically established. Therefore, this allows the research model to capture the relationship between corporate legitimacy and community relations reflectively. This objective aligns with Palazzo and Scherer (2006 p. 82) argument that 'civil activism is

not always based on or aiming at public deliberation, but the society activism uses a broad range of non-discursive strategies to influence corporate behaviour'. Deegan (2002 p. 296) further corroborates this objective by arguing that 'community expectations have changed since what was once accepted as corporate behaviour is no longer the trend, thus, the reaction of management to perceive legitimacy gaps (*perhaps through corporate disclosures*) is based on their perceptions of how society views the organisation in terms of whether what is being done is acceptable- that is whether there is perceived legitimacy gap in the first place'.

In a situation where managers perceive that the organisation's operations are not in congruence with the social contract which otherwise regarded as pursuant of legitimacy theory (Deegan, 2002), then, remedial strategy are foreseen. In addition, since the theory is based on perceptions, that any strategies implemented by the managers is expected to have effect on external parties through their disclosure. 'CSR is related to all those aspects upon which companies' activities may have an impact: (i.e. employees related issues, community involvement, environmental concerns, other ethical issues, etc.). Besides, social responsibility disclosure refers to the disclosure of information about companies' interactions with society, and it is an important instrument in the negotiation between business and society' (Branco and Rodrigues, 2006b p. 245).

This objective was consistence with study conducted by Liu et al. (2013 p. 483-484) where it is argued that 'business-community relationships have always been an important concern for corporate managers. Community stakeholders consider good corporate community involvement (CCI) related performance not only as a business obligation to society, but also as a measurement or assessment tool that guides their willingness to support a corporation during every stage of the business cycle'. A well-designed corporate community involvement activity enables corporation to build close relationships with the member of the community and develop a strong influential power in the community (Liu et al., 2013), and invariably contribute to the corporate competitive advantage in other business area. This position further supported by Reast et al. (2013 p.150) where it is asserted that 'integrating knowledge from extant literature is to aid our understanding of problems of legitimacy among organisations in controversial

industries. Clearly, this finding further provide support by Hennchen (2015 p. 22) submission that ‘Shell engaged in activities that are regarded as traditional government responsibilities to provide public services to poor host communities, but the company is facing continuous allegations of malpractice. Based on this, growing positive and negative impact challenges the company’s legitimacy and consequently its licence to operate’.

Table 7.10 and 7.14 in chapter seven depict the parameter estimate (calculation of SmartPLS: Bootstrapping) analysis of the hypothesised paths relationship between corporate legitimacy (CL) and community relations (CR). Furthermore, the model reveals that there is a statistically significant positive effect between corporate legitimacy (CL) and community relations (CR) with evidence of the results in study 1 (e.g. $\beta = 0.195$, $t = 2.54$, $p < 0.01$) and study 2 ($\beta = 0.317$, $t = 3.92$, $p < 0.01$) respectively. The result shows that for corporations to keep enjoying their legitimacy right, they should provide some social benefits inform of scholarship, vocational training, provision of borehole water and other infrastructural facilities that will enhance the quality of life of employees of oil companies and the host communities, At the same time, enhances the social performance outcome of oil companies in the long-run. In fact, this supports the finding of this study in its objective two.

8.1.3 Findings on Objective Three

Objective Three: To investigate the influence of corporate legitimacy on community perception by MOC in Nigeria.

The research objective three was achieved through the survey of the employees of MOC and the representatives of the communities. The analysis of the empirical evidence gathered was presented in chapter seven with detailed discussion. The hypothesised paths relationship between CL → CP revealed in figure 7.3 and 7.4 (*Chapter Seven*) was found to be statistically established, therefore, this allowed the research model to capture the relationship between corporate legitimacy (CL) and community perception (CP), reflectively.

Findings on objective three corroborates the work of Ellis and Arieli (1999 p. 961) where they stress that ‘attitude toward the behaviour reflects the personal component of the decision to enact specific behaviour, whereas subjective norm reflects the person’s perception of the social pressures put on him to perform the behaviour in question’. The process of searching for solution leads to the complicated issue of fit between the environment and organisation characteristics (Ellis and Arieli, 1999). For instance, Ellis and Arieli’s cited that despite the strong military legal system and the social forces that encourages report of norm; the actual report does not meet expectations. Besides, creativity contributes to performance, and the line separating it from violation of formal laws is sometimes vague.

The finding further corroborates the study conducted by Dhanesh (2013 p. 401) who provides ‘empirical evidence in support of the practice of CSR and community perception with the opportunities to enact the post-modern conceptualisation of the boundary-spanning practitioner as an organisational activist decision making in local contexts’. Dhanesh’s findings support the emancipatory possibilities of public relations in the context of CSR, community relations and by extension, participative democracy.

Eweje (2006b p. 122) findings align with this research objective, when he ‘demonstrated that community development initiatives and investments are vital for the enhancement of relationship between the MOC and the host communities in Less Developed Countries (LDCs)’. As such, communities want social development projects that provide hope of a stable and prosperous future (Eweje, 2006b), and the oil companies have embraced development initiatives primarily to demonstrate that they are socially responsible. Meanwhile, these are demonstrated by the oil companies through the provision of scholarship, provision of borehole to the communities, classrooms and teachers for local communities. In addition, oil companies are blamed for the under-employment in their host communities despite paying taxes and royalties to the governments (Eweje, 2006b), believing that if they put pressure on the MOC through involvement of the international community, MOC will in turn put pressure on the government to protect their image in developed countries where any unethical report can affect their market position.

This objective also supported by the study conducted by Frynas (2005 p. 592-593) where he argues that ‘CSR if not integrated into macro-level development plans, oil companies run the risk of causing local conflicts and creating negative developmental consequences. One example from Nigeria is the concept of a ‘host community’, according to which oil companies have a social responsibility towards the local community located closest to their oil facilities. Preferences for one community may breed jealousy from other communities and give rise to inter communal conflicts’. As a result, Frynas’ (2005) suggests that there should be macro-level, rather than micro-level perspective of CSR implementation in performing CSR initiatives.

Table 7.10 and 7.14 in chapter seven depict the parameter estimate (calculation of SmartPLS: Bootstrapping) analysis of the hypothesised paths relationship between Corporate Legitimacy (CL) and Community Perception (CP). Consequently, the model reveals that there is a statistical significant effect between corporate legitimacy and the nature of community perception as indicated by the result in study 1 ($\beta = 0.578$, $t = 7.76$, $p < 0.01$) and study 2 ($\beta = 0.319$, $t = 3.85$, $p < 0.01$). Nonetheless, the result indicates that there is a significant direct relationship between corporate legitimacy and community perception from the perspectives of both the employees of MOC and host communities. Therefore, this supports research objective three. Garvin et al. (2009 p. 583) noted that ‘CSR is effective way to ameliorate community-company disagreements at the community level, and CSR is more than simply a process for managing community relations. Moreover, multinational corporations use CSR as a tool for enacting global processes in local place’. This statement attests to the fact that legitimacy of MOC can be guaranteed by the nature of relationship between the oil companies operating in the oil region and the host communities based on the finding from this study.

8.1.4 Findings on Objective Four

Objective Four: To investigate the influence of regulatory infractions on Environmental performance by MOC in Nigeria

Objective four was achieved by analysing the empirical evidence. The analysis confirms the relationship between regulatory infractions (RI) and environmental performance

(EP) from the two main stakeholders (i.e. employees of MOC and the host communities). The hypothesised paths relationship between RI → EP as shown in figure 7.3 & 7.4 (*Chapter Seven*) was found to be statistically established. This enables this study's model to capture the relationship between Regulatory Infractions (RI) and Environmental Performance (EP) reflectively.

This objective is consistent with the work of Kuo and Chen (2013 p. 1482) when they asserted that firm with inferior environmental performance are expected to disclose more environmental information to offset the negative effects of the inferior environmental performance'. This alters the result of enterprises attitude towards environmental issues. With the emergence of climatic abnormalities around the world (Kuo and Chen, 2013), people have started thinking about the threat to their living environment. Moreover, corporations need to actively release information about what they have done to slow down global warming to establish image that reveals the corporate effort towards social responsibilities expected of corporations by the member of the public.

Objective four and its finding corroborates the study conducted by Du and Vieira (2012 p. 424) and their argument that 'due to the highly controversial reputation of the oil industry and the associated danger of alienating their key stakeholder, oil companies try to avoid infractions by ensuring that they engage in CSR initiatives'. Moreover, couple with variety of CSR initiatives and prevalence of cross-sector partnerships, oil companies need to abandon the 'CSR as public relations' mentality. Instead, work proactively in minimising the negative externalities of their business operations and take a long-term approach to CSR by investing substantially in renewable energies that they need to go beyond simple financial donations in their cross-sector partnerships' (Du and Vieira, 2012 p. 424). Panwar et al. (2014 p. 489) remarked that 'legitimacy is not essentially determined by the organisation's action. Legitimacy and its granting criteria are rooted in societal values and beliefs, Again, even well-intentioned and well-executed CSR programs may not legitimize organisations that otherwise lack legitimacy'. The finding from objective four provides an interesting result because CSR has earlier been criticised because it empowers MOC by undermining the role of government. As a

result, the value of egalitarianism creates fundamental orientation that egalitarianism cares little about whether social and environmental results from government mandates or from CSR (Panwar et al., 2014 p. 489).

Also finding conforms to the work of Chen et al. (2008 p. 142) who claims that ‘charitable contributions appear to be used by corporations as a tool of legitimization. They cited that environmental performance and product safety issues, corporate governance structure, board composition, and community relation are important aspect of social performance. In the same vein, Kuo and Chen (2013 p. 1481) affirm that ‘firms in environmentally-sensitive industries can significantly improve their environmental legitimacy by releasing CSR reports, and firms with higher prior environmental legitimacy will be more active in environmental disclosure and establish better environmental legitimacy in the next period’. Most firms now believe that environmental performance is an important component of business management. Clearly, environmentally-sensitive industries are now more active in using CSR reports as an effective tool to establish their legitimacy image (Kuo and Chen, 2013).

Table 7.10 and 7.11 in chapter seven depict the parameter estimate (calculation of SmartPLS: Bootstrapping) analysis of the hypothesised paths relationship between regulatory infractions and environmental performance. In addition, the model reveals that there is a statistically significant positive effect between regulatory infractions and environmental performance with evidence of the result showing in study 1 ($\beta = 0.215$, $t = 2.56$, $p < 0.01$) and study 2 ($\beta = 0.430$, $t = 5.46$, $p < 0.01$). Based on this result, there is positive direct significant relationship between regulatory infractions and environmental performance. However, regulatory infractions may be avoided by oil companies, if the management of the oil firms are committed to the improvement of their environmental performance effort.

In addition, finding also affirms that corporations may earn better environmental initiatives by fulfilling their CSR obligation in line with expectations of the communities, it is observed that expectations of communities’ changes over time particularly on environmental performance. Also, the expectations of the communities some years back might be different from those expected of the corporations today.

Therefore, understanding the attitudes of communities towards the corporations' environmental behaviours might push the power of oil companies to a greater level. The understanding of CSR and CSP in relation to social performance outcome as presented in this research model might mean slightly different structure in further research studies. Nevertheless, this study may lead to new discussions and analyses of CSR and CSP on social performance constructs in future studies.

8.1.5 Findings on Objective Five

Objective Five: To investigate the influence of CSR initiatives on community relations by MOC in Nigeria.

Objective five was also achieved by analysing the empirical evidence. The analysis confirms the relationship between CSR initiatives and community relations. The analysis of the empirical evidence gathered from these sources was presented in chapter seven and detailed discussion was provided for all the evidence obtained. The hypothesised paths relationship between CSRI → CR revealed in figure 7.3 and 7.4 (*Chapter Seven*) was found to be statistically established, and this allowed the research model to capture the relationship between CSR initiatives (CSRI) and community relations (CR) reflectively.

Finding under objective five was found to be in line with Ako (2012 p. 19) argument that 'Niger-Delta has been persistently engulfed in oil-related violent conflicts of varying degrees since the discovery of oil in commercial quantities. Due to the frosty relationship between the oil-multinational and their host-communities caused in part by the failure of the former to live up to the expectations of the latter in its social responsibility became major contributors to the violent conflicts'. Ako (2012) concluded that there should be a critical re-think on CSR strategies and initiatives with emphasis on timely and effective delivery for optimal benefits for both the oil companies and the host communities.

The finding also shows the relative importance of the CSR initiatives to community relations among the oil companies in Nigeria. Based on this result, it appears that the

kind of CSR initiatives adopted by the oil companies in Nigeria have the inclination to satisfy its relationship with the host communities. For instance, the kinds of CSR initiatives by the oil companies have the tendencies to promote or mar its relationship with the host communities. Thus, CSR-based oil companies will enjoy peaceful co-existence with the host communities than the ones without sense of direction regarding the implementation of CSR initiatives. Loannis et al. (2013) argue in support of this finding that ‘CSR has an impact on the attribution of blame, brand evaluation and buying intention, but not on the perceived degree of danger. In addition, positive consequences of CSR after product-harm crises are observed only when it comes to consumers who have high CSR importance evaluation’. As a result, ‘findings from previous research suggest a strong need to standardize the timing and format of CSR disclosure (Cho et al., 2012 p.60), since current voluntary disclosure allows managers to exercise discretion in the timing and formatting of CSR performance. An effort to unify its timing and content will be helpful in improving the comparability of CSR information and reducing the information gap between sophisticated investors and individual investors.

Table 7.10 and 7.14 in chapter seven depicts the parameter estimate analysis of the hypothesised paths relationship between CSR initiatives and community relations. Similarly, the model reveals that there is a statistically significant positive effect between CSR initiatives and community relations with evidence of the results in study 1 ($\beta = 0.405$, $t = 5.74$, $p < 0.01$) and study 2 ($\beta = 0.303$, $t = 3.78$, $p < 0.01$) respectively. The contribution of this research to the discussion around CSR, and the role expected of MOC in performing CSR in relation to the communities reveals in the present research objective.

The objective five finding revealed that discretion of managers needs to come to play by defining the limits of CSR. In addition, CSR should not be disregarded because it is first of a societal obligation for companies and the strategic role should not be treated with levity but enforce the ethical reasoning for CSR initiatives (e.g. Loannis et al., 2013 p. 119). Obviously, the argument for CSR seems to have dominated contemporary literature of recent since its positive impact on business performance is more difficult to

establish because of the increasing CSR scepticism among all the stakeholders. Therefore, the relationship between the oil companies and the host communities will be more strengthened based on CSR initiatives adopted by the corporations. The result appears compatible with the results of survey- questionnaires for study 1 (employees of MOC) and study 2 (host communities).

8.1.6 Findings on Objective Six

Objective Five: To investigate the influence of CSR initiatives on community perception by MOC in Nigeria.

The objective six was achieved through the detailed literature review in chapter four of the thesis. In addition, the empirical evidence from these sources was presented in chapter seven and discussion provided based on the evidence obtained. The hypothesised paths relationship between CSRI →CP revealed in figure 7.3 and figure 7.4 (*see Chapter Seven*) was found to be statistically established, this therefore allowed the research model to capture the relationship between CSR initiatives and community perception respectively.

Objective six was in line with Hamilton (2011 p. 6) argument that ‘Niger-Delta has been persistently engulfed in oil-related violent conflicts of varying degrees since the discovery of oil in commercial quantities. Moreover, ‘this is due to gas flaring and attendant problem on human habitat, such as acid rain, noise pollution, and intense heat due to gas flaring’ (Hamilton, 2011 p. 6). Due to the persistence of conflict in the oil region, ‘militarization of local resistance has brought the chicken home to roost for the Nigeria state and MOC (Obi, 2008 p. 429). This numerous resistance is driven by mixture of anger, which includes the quest for self-determination, opportunism and greed which have ‘spun out of control’. All these further complicated the social conditions for oil extraction and led to a full-blown crisis which has added additional cost for the oil companies and Nigeria government (Obi, 2008 p. 430). Specifically, most of the MOC of recent, particularly, the on-shore oil operators find themselves between a rock and a hard place- as a direct consequence of their oil based ‘accumulation by dispossession’ in Delta (Obi, 2008p.430).

Through objective six, the relative importance of the CSR initiatives of MOC was found to be perceived by the communities. Based on this result, it appears that the kind of CSR initiatives adopted by the oil companies in Nigeria have the inclination to determine how oil corporation are perceived by the host communities. In addition, CSR initiatives of the MOC determined how well those gestures match the expectations of the host communities. For instance, Tuodolo, the founding President of Ijaw Youth Council (IYC) suggested that solution is to address the demand of the people as laid out in Ogoni Bill of Rights, the Kaiama Declaration and others by the Niger Delta ethnic minorities, However, this organisation emphasises on self-determination and resource control, rather than strong-arm tactics and attempts to buy out local leaders and opposition by the state-oil transactional partnership (Obi, 2008). MOC are encouraged not to be part of agent of environmental plundering and human rights abridgements, and should therefore, avoid double-standards and not be a party to the multi-level corruption endemic in the oil industry.

Due to consistent conflict between oil companies and the host communities, oil firms have studied the trend and recruited individuals with skills in conflict resolution and management (Hamilton, 2011). However, oil companies trained their staff to acquire professional competence in community liaison work with the host communities. For instance, some of the CSR initiatives of MOC includes establishment of conflict resolution techniques to suit the peculiarities of the community, combination of sponsorship, target donations, scholarship awards, hospitality and use of oil companies' facilities by the host communities (Hamilton, 2011).

Table 7.10 and 7.14 chapter seven shows the parameter estimate analysis of the hypothesised paths relationship between CSR initiatives and community perception. In addition, the model reveals that CSR initiatives (CSRI) is non-significant predictor of Community perception (CP) with evidence of the result in study 1 ($\beta = 0.055$, $t = 0.67$, $p > 0.01$) and study 2 ($\beta = 0.144$, $t = 1.49$, $p > 0.01$). Therefore, the contribution of this research to the discussion around CSR, and the role expected of MOC in performing CSR as perceived by the community reveals in the present research objective. The result revealed that CSR initiatives cannot be regarded as a good predictor of

community perception because of non-significant relationship exhibited between CSRI and CP for employees of MOC and host communities in their CSR initiatives.

Objective six finding further indicated that CSR initiatives of the oil firms determine the community rating of MOC in the oil region. CSR should not be disregarded because it is first of a societal obligation for companies and the strategic role should not be treated with levity but enforce the ethical reasoning for CSR initiatives (e.g. Loannis et al., 2013 p. 119). CSR was understood by most of the stakeholders as a multi-dimensional concept (Gordon et al., 2012). Thus, some stakeholders are perceived to be irrational and this reluctance often led to a reluctant to try and constructively engage with such stakeholders (Gordon et al., 2012), Host communities believe that their views are rational and based on good intentions, particularly, as it concerns environmental protection; as such, conflict exists because of inability of the oil companies and the host communities not trusting each other or empathise with each other viewpoint. The relationship between the oil companies and the host communities will be more strengthened on the basis of CSR initiatives adopted by the corporations- a result appears compatible with the results of survey- questionnaires in the present research.

8.1.7 Mediation Effect of EP, CR and CP between CSR Factors (CIS, CL, RI and CSRI) and Social Performance.

To confirm mediating effect of environmental performance (EP), community relations (CR) and community perception (CP) in this study, a non-parametric bootstrapping procedure was performed using Smart PLS M3 version 2 (Ringle, et al., 2015), this procedure is commonly used to test mediating effect between exogenous and endogenous variable (e.g. Hair et al., 2014a; Preacher and Hayes, 2008). This follows the mediator analysis procedure in PLS-SEM criteria outlined by Hair et al. (2014a).

PLS bootstrapping was run to calculate mediating effect of (EP, CR and CP) between CSR dimension (CIS, CL, RI and CSRI) and social performance in study 1 (*see Table 7.18 p. 262*). The result shows that there is an indirect effect of EP between CIS and SP ($\beta = -0.048$, $t=1.35$, $P> 0.05$). The indirect effect of EP between RI and SP ($\beta = -0.031$, $t= 1.11$, $p> 0.05$), the indirect effect of CR between CL and SP ($\beta = -0.000$, $t= 0.046$, $p>$

0.05), the indirect effect of CP between CL and SP ($\beta = -0.107$, $t=1.51$, $P > 0.05$), the indirect effect of CR between CSRI and SP ($\beta = -0.002$, $t=0.049$, $P > 0.05$), the indirect effect of CP between CSRI and SP ($\beta = -0.010$, $t=0.54$, $P > 0.05$) have non-significant mediating effect. In addition, the result reveals that all the six hypothesized indirect paths were not significant. These results do not provide support for the mediating effect for all the path relationship.

On the other hand, PLS bootstrapping analysis shows the mediating effect of CSP dimension (EP, CR and CP) between CSR dimension (CIS, CL, RI and CSRI) and social performance outcome in study 2 (e.g. *Table 7.19 p. 265*). The result reveals that mediating effect of EP between CIS and social performance ($\beta = -0.01$, $t = 0.62$, $p > 0.05$), mediating effect of EP between RI and SP ($\beta = -0.035$, $t = 0.76$, $P > 0.05$), indirect effect of CP between CL and SP ($\beta = 0.043$, $t = 1.19$), indirect effect of CP between CSRI and SP ($\beta = 0.002$, $t = 0.78$, $P > 0.05$) have non-significant mediation effect. In contrast, the indirect effect of CR between CL and SP ($\beta = 0.098$, $t = 2.47$, $P < 0.05$), the indirect effect of CR between CSRI and SP ($\beta = 0.094$, $t = 2.14$, $P < 0.05$) have significant mediating effect for study 2. This result did not provide support for hypothesized mediating path between CIS and SP via EP, RI and SP through EP, CL and SP via CP, CSRI and SP via CP, however, the results support CL and SP via CR, and CSRI and SP via CR.

8.1.8 Moderating Effect of Demographic Variables on the Measures Used between Study 1 and Study 2

This research investigates the effect of demographic variables (e.g. sex, educational background and marital status) on the measures used between the two main stakeholders (i.e. employees of MOC and host communities) to determine its impact between CSR dimensions (compliance to industry standards, regulatory infractions, corporate legitimacy and CSR initiatives) and social performance outcome of MOC in Nigeria. Finding suggests that only educational background has moderating effect between CSR dimensions and social performance outcome, while sex and marital status have no moderating effect between CSR dimensions and social performance because of their non-significant for study 1 (employees of MOC). In contrast, the results of moderating

effect for study 2 revealed that all the moderation variables (sex, educational background and marital status) have non-significant moderating relationships.

Therefore, demographic variables (sex and marital status) have non-significant interacting effect on the measures used between study 1 and study 2. However, demographic variable (i.e. educational background) has interacting effect on the measurement used between the two groups (employees of MOC and host communities). Hence, this might account for the variation in measurement used between study 1 and study 2.

Overall, all the results of the present research findings reveal the significance of CSR (CIS, CL, RI and CSRI) and CSP (EP, CR and CP) dimensions on social performance outcome. This research shows that proper implementation of CSR initiatives by MOC have tendency to enhance the social performance outcome of the oil firms. For instance, the relationship between the oil firms and the host communities can be enhanced by promoting corporate-community relations. However, this effort can boost the perception of the stakeholders, particularly, the host communities about the CSR initiatives strategy offer by the oil firms in the oil region. Trust and sincerity of purpose between the oil companies and the host communities will be guaranteed. Specifically, oil companies should make their CSR initiatives more of macro than micro in the provision of developmental project when implementing CSR activities in the host communities (e.g. Frynas, 2005). Furthermore, employees of MOC and host communities will feel motivated towards oil companies that have good CSR activities in place. The relationship between the parties (i.e. employees of MOC and host communities) will be enhanced and subsequently assist affected corporation in attaining their social performance outcome. This result appears compatible with quantitative results from personal survey.

This study also tries to establish measurement invariance between study 1 and study 2 to test for PLS-multi-group analysis. However, since the requirement for test of multi-group analysis is to first establish measurement equivalence. As a result, in an attempt to establish measurement invariance in this study, it was discovered that similar measure between study 1 and study 2 is few and this violates the condition for test of

measurement invariance. Therefore, the idea for comparing the differences between the groups was not warranted (e.g. Hair et al., 2017). Based on this, this research cannot proceed with the assessment of measurement invariance, a precondition for multi-group analysis in PLS-SEM.

8.2 Developing and Validating CSR-CSP Measures: Present Research Achievement.

This research investigates scale development between the constructs. The theoretical explanation supporting evidence adopted by the author of this study establishes originality on what the study aims to achieve- that is, to investigate the effect of corporate social responsibility and stakeholder management on corporate social performance of MOC in Nigeria. It also aimed at helping to ensure that the idea was novel. The present research was seriously concerned with the methodology of this study execution.

Present research work adapts measurement scale developed for both CSR and CSP from previous studies (e.g. DeArmond et al., 2011; Ellis and Arieli, 1999; Lindgreen et al., 2009; Nowell and Boyd et al., 2009; Obsersede et al., 2014; Ruf et al., 1998; Turker, 2009b) based on the reflective operationalization process (e.g. Hulland, 1999). Specifically, comprehensive review of literature, and rigorous quantitative study of CSR and CSP dimensions in relation to SP outcome of MOC in Nigeria was conducted, this study has added a newer definition of CSR and CSP with four dimensions of CSR (*Compliance to Industry Standards, CSR Initiatives, Corporate Legitimacy, and Regulatory infractions*) and three dimensions of CSP (*Community Relations, Environmental Performance, and Community Perception*) on social performance outcome.

This current research effort contributes to the existing research knowledge in terms of its content; it is one of the first empirical approach validating existing CSR and CSP measurement scales in Nigeria context (to the best of the author's knowledge). CSR and CSP dimensionality represent central approach to this research constructs. This study tries to offer concepts that explain the adapted measurement in the context of this study.

The proposed approach, however, contributes to the systematic conceptualisation of CSR and CSP measurement, hence, it fills the research gaps (e.g. Aupperle, 1991; Chen et al., 2008; Grave and Waddock, 1994; Singhapakdi et al., 1996; Ruf et al., 1998; Turker, 2009b; Wood, 1991), and also expands the empirical-based approach in this research field.

Furthermore, this study offered a robust discussion of the findings from reflective approach to the understanding of the CSR and CSP constructs by presenting the various indicators of CSR and CSP, and rationale underlying each indicator. Discussion of the rationale for each indicator and justifications for the four dimensions that form CSR and three dimensions that form CSP were fully highlighted, and the contribution of each to this study provided. Conclusion is drawn based on the theory, data collection, findings and implications as this study intends to make valuable contribution to the CSR and CSP literature through the creation of reflective constructs of CSR and CSP on social performance outcome model. The present research work seeks to create reflective constructs of CSR and CSP based on social performance outcome of the MOC in term of their CSR initiatives as it affects both employees of MOC and host communities. Nonetheless, a relationship between CSR and CSP as indicated by their respective factors of CSR (*i.e. compliance to industry standards, corporate legitimacy, regulatory infractions, and CSR initiatives*) and CSP (*environmental performance, community relations and community perception*) in the constructs created which captures the structural model of CSR and CSP measures on social performance outcome.

8.2.1. Indicators Specification Dimensions

This stage involves indicator specification. It is the process of identifying those indicators that capture diverse facets of the construct. The nature of the links between constructs and measures is known as epistemic relationship or rule of correspondence (e.g. Bagozzi, 1984; Fornell, 1982; Hulland, 1999). In contrast to formative constructs, reflective constructs assumed that unobservable, underlying constructs are viewed as given rise to associated measures, and then it is appropriate to talk about item reliability and convergent validity (Hulland, 1999). This study confirms the proposed dimensions identified in this study. As a result, the research choice of a reflective form of epistemic

relationship has been clearly justified. From the empirical study, the use of reflective indicators enables researcher to report R^2 values for all the endogenous constructs included in the research model (e.g. Hulland, 1999). Moreover, reflective measures also assist in interpretation of inner model estimates in this study.

The study uses reflective measure of relationships as specified in the present research model (e.g. figure 7.3 & 7.4 in chapter seven). It also provided a clear argument for the choice of the epistemic relationship over the other for all the constructs. It is possible to question whether the choice of reflective indicators is enough to measure CSR and CSP constructs. However, the natures of epistemic relationship studied are well justified and defended.

8.2.2 Assessing the Reliability and Validity of Measurement and Evaluation of Structural Model.

The reflective operationalisation process involves the use of quantitative survey data and this study undertakes assessment of the measurement models and structural model (e.g. Hair et al., 2011, Hair et al., 2014a). In addition, the reliability and validity of the instruments were conducted according to certain criteria associated with the reflective measurement model specification. This is because the researcher tried to ascertain whether the measures represent the construct of interest, specifically, the structural model that estimates a precondition for reflective model. Consequently, the adequacy of the measure was confirmed, and it is important to note that by default, SmartPLS assumes that indicators are reflective when the model is built, with arrow pointing away from the blue-colour latent variable.

On the issue of dimensionality, CSR and CSP represent reflective construct with four dimensions for CSR and three dimensions for CSP. In this case, each of the indicators represents various facets of CSR and CSP. Indeed, it represents integral parts of CSR and CSP at more abstract level. Therefore, CSR becomes a function of the CSR dimensions consisting of the following factors (*compliance to industry standards, CSR initiatives, corporate legitimacy, regulatory infractions*), while CSP is a reflection of

CSP dimensions comprising the following factors (*community relations, environmental performance, and community perception*).

The data generated from the questionnaire survey allow an estimation of the CSR and CSP on social performance outcome with SmartPLSM3 version 2 (Ringle et al., 2015). Based on the measurement model, the results of SmartPLS analysis indicate that the three of CSP factors (CR, EP, and CP) mediate the relationship between four of CSR factors (CIS, CSRI, CL, RI) and (SP) social performance outcome. When the SmartPLS was initially run some items, loading were below 0.7 thresholds (e.g. Hair et al. 2014a; Urach and Ahlemann, 2010). After excluding those items that loaded below the acceptable threshold, the remaining items load within the suggested threshold.

On the structural model evaluation, only five hypothesized paths relationship in study 1 was significant at $P < 0.01$ being a directional hypothesis. However, paths relationship between CSRI and CP, EP and SP, CR and SP, CP and SP has non-significant direct effect. On the other hand, five hypothesized paths were also significant in study 2 at $p < 0.01$, except hypothesized path relationship for CIS and EP, CSRI and CP, EP and SP, CP and SP because of their non-significant direct effect.

In addition, the coefficient of determination (R^2) for the endogenous latent variable was considered moderate for EP, but substantial for CR, CP and SP in study 1 (e.g. Cohen, 1988). However, the coefficient of determination (R^2) was considered moderate for all the endogenous factors (EP, CR, CP and SP) in study 2 (e.g. Cohen, 1988).

The effect size was assessed for the significant paths in the structural model (i.e. $CIS \rightarrow EP$, $CL \rightarrow CR$, $CL \rightarrow CP$, $RI \rightarrow EP$ and $CSRI \rightarrow CR$). However, the result signifies that the path from ($CL \rightarrow CP$) has large effect size, paths from ($CIS \rightarrow EP$ and $CSRI \rightarrow CR$) has medium effect size while paths from ($CL \rightarrow CR$ and $RI \rightarrow EP$) have small effect size in study 1 (Cohen, 1988; Chin, 1998b). In contrast, the significant path in study 2 include: $CL \rightarrow CR$, $CL \rightarrow CP$, $RI \rightarrow EP$, $CSRI \rightarrow CR$, $CR \rightarrow SP$. Thus, all the paths have small effect sizes except path from ($RI \rightarrow EP$) with medium effect size. In addition, the predictive relevance for all the endogenous variables for both study 1 and study 2 have Q^2 value greater than zero ($Q^2 > 0$), confirming the predictive relevance of

the endogenous variables (*EP*, *CR*, *CP* and *SP*) for study 1 and study 2 (e.g. Hair et al., 2014a).

8.3 Summary

This study adapted previous scales on CSR and CSP (e.g. Chung et al., 2015; DeArmond et al., 2011; Ruf et al., 1998; Turker, 2009b) in different research setting, and also added to the body of knowledge. Similarly, investigation of CSR, stakeholder management on corporate social performance of MOC was conducted in Nigeria which has been rarely discussed in the literature using quantitative approach, particularly PLS-SEM to the best of the researcher's knowledge. This research finding indicated that the relationship between the host communities and MOC largely depends on CSR strategy adopted by the corporations. In addition, the present research findings show that five hypothesized paths relationship were significant, while four hypothesized paths have non-significant direct effect in study 1 (employees of MOC). On the other hand, five of the hypothesized paths relationships were significant, while, four hypothesized path relationships have non-significant direct effect in study 2 (host communities).

Furthermore, the assessment of indirect effect of CSP dimensions (*EP*, *CR* and *CP*) between CSR dimensions (*CIS*, *CL*, *RI* and *CSRI*) and social performance outcome show that all the mediating variables (*EP*, *CR* and *CP*) have non-significant indirect effect in study 1. On the other hand, the mediating effect of CSP (*EP*, *CR* and *CP*) between CSR dimensions (*CIS*, *CL*, *RI* and *CSRI*) and social performance in study 2 reveals that the hypothesized indirect paths of *EP* between (*CIS* and *SP*) and (*RI* and *SP*), *CP* between (*CSRI* and *SP*) and (*CL* and *SP*) have non-significant indirect effect, whereas, the mediating paths of *CR* between (*CL* and *SP*) and (*CSRI* and *SP*) have significant indirect effect (e.g. Hair et al., 2014a).

Management of MOC concerned with the well-being of their firms and should understand the significance and consequences of CSR since they are supposed to play a major role in writing and instituting CSR policies and code of conduct (e.g. Agan et al., 2016). CSR is a multifaceted concept, and interpretation of this construct requires adequate attention from the managers (Agan et al., 2016). Besides, there is the need to

develop structures and institutions that encourage social justice, environmental protection and poverty eradication (Dobers and Halme, 2009). These goals cannot be achieved alone by corporate efforts, but inclusion of private sector, public sector and NGOs will go a long way to compliment the CSR initiatives strategy of MOC in Nigeria.

This study's finding may be of interest to the oil companies in Nigeria, Niger-Delta communities, Nigeria government, Non-governmental organisations, and CSR scholars who may be willing to offer some solutions on how to reduce pressure caused by the organisations on human and natural environment as a result of their business operations. Undoubtedly, CSR is now regarded as strategy option for corporations and assist in sustaining corporate community relationship for the purpose of enhancing firm's social performance outcome (e.g. Idowu and Louche, 2011; Kemper and Martin, 2010; Ruf et al., 1998).

However, the main focus of this thesis is the need for clarity of CSR and CSP measures, specifically, the need to be more specific in the context of stakeholder behaviour, particularly, the employees of MOC and host communities as the case may be, with research of this nature. Therefore, CSR researchers need a set of principles that are manageable, and that will feasibly see the need to develop proper CSR conceptualisation. Clearly, this understanding led to the development of a practitioner-based model of CSR and CSP that have reflective measurement dimension which in some aspect differ from the existing CSR conceptualisation. As such, the thesis has come up with this model because of the problem of prolonged issue created by the inability to come to term with proper conceptualisation of CSR. This research proposed a well- rich agenda for CSR, its measures, implementation, and manifestation that gave rise to the reflective constructs that corporation can operationalise.

Chapter Nine

Conclusion and Recommendation

9.0 Introduction

Unlike the previous chapters, this chapter provides the overview of all the other chapters in the thesis. The closing chapter of this study provide the major conclusions and the main contributions of the present research to the body of knowledge. In addition, the compendiums of the other chapters' results are discussed. Specifically, this study identifies its contribution to academic knowledge, and managerial implications as it relates to the theory and practice. Furthermore, some limitations identified in the study and its approach was discussed. Recommendations for future study in the area were offered. This chapter also shows the instinct and capacity of the researcher as a doctoral student in displaying his knowledge of the existing studies in the relevant research areas.

9.1 Overview of the Study

As repeatedly stated in the previous chapter, attempt is made here to revisit the objective of the study. That is, to study the effects of CRS in Nigeria Oil industry. In the quest to gather relevant literature to guide the research, it was revealed that there are limited theoretical and empirical evidence that discussed CSR and CSP using these dimensions in Nigeria oil industry. Evidence from prior studies in Nigeria and other parts of the world focused on the relationship between CSR and financial performance using metrics like improved profitability, customer patronage, positive stock market rating, reputation building ease of access to bank loan etc. (e.g. Waddock and Graves, 1997; Ruf et al., 1998).

However, this research relies on previous studies in Nigeria (e.g. Frynas, 2005 & 2010; Idemudia, 2011), particularly in Nigeria where poverty, lack of inclusiveness, corruption, crime, unemployment, bad governance and under-development have become the order of the day (e.g. Frynas, 2005; Watt, 2005). Prominent studies in Nigeria found CSR activities to be philanthropic donations (e.g. education, health, sports, and

infrastructure, etc) in neglected host communities (see Amaeshi et al., 2006). Attempt to embark and carry out the study in the affected areas of the country is justified because of the failings of other sectors programmes leading to poverty, corruption, unemployment, bad governance and underdevelopment in the host communities (e.g. Amaeshi et al, 2006; Idemudia and Ite, 2004).

9.2. Research Objectives set to be achieved.

Guided by the research aim as justified and discussed in the previous chapters, the main study objective and the specific research objectives were achieved through a comprehensive literature review in the earlier chapters of the thesis. However, the specific research objectives summarise as follow: With the results obtained while assessing the achievements of the stated objectives of the study, it is encouraging to note that the objectives were favourably achieved. Consequently, the results obtained are therefore summarized as follow:

9.2.1 Objective One

Objective one was to investigate the influence of compliance to industry standards on environmental performance by MOC in Nigeria. Through the review of literature and the research findings, it was established that if the compliance level of oil companies in term of adherent to rules, regulations and industry requirement is high (*i.e. reduction in oil spillage, good clean-up exercise of waste generated into the host communities and adequate compensation to the host communities*), it will enhance environmental performance of the MOC as pointed out by the employees. In contrast, host communities had different view because of non-significant relationship exhibited between the compliance to industry standards and environmental performance as showed in this study result. Host communities believed that by complying to industry standards by MOC, might not necessarily improve environmental performance, if country-specific was not taken into consideration, when formulating policy that relate to CSR initiatives strategy.

In sum, this objective has been achieved. In securing this objective, the background of this research was clearly established, the need for the study was further strengthened, and the required theoretical underpinning the investigation was provided.

9.2.2 Objective Two

The objective two was to investigate the influence of corporate legitimacy on community relations by MOC in Nigeria. This objective was achieved through a review of related literature on corporate legitimacy and community relations. In addition, the knowledge gained from the review of literature and the applications of that information were tested empirically by administration of a survey questionnaire (*see chapter seven*). Furthermore, the two main stakeholders (*i.e. employees of MOC and host communities*) agreed that for oil corporations to enhance their corporate legitimacy in the host communities there must be cordial relationship between the MOC and the host communities. Based on this, for corporations to strengthen their legitimacy right in the host communities, oil corporations' CSR activities should be in congruence with the expectation of the host communities in term of scholarship giving to the indigent students, infrastructural facilities available in the communities, and attitude to pollution control in the host communities' etc.

Study on objective two further asked whether there is positive relationship between corporate legitimacy and community relations. The result shows that there is a positive relationship between corporate legitimacy and community relationship. This was confirmed by the two main stakeholders in the industry through the survey tested empirically to acquire deeper insight into the nature of the replication and application of those measures between the two main stakeholders (employees and the host communities) in Nigerian oil industry.

9.2.3 Objective Three

This objective was to investigate the influence of corporate legitimacy on community perception by MOC in Nigeria. The objective was also achieved by analysing the empirical evidence. The analysis confirms that the two-main stakeholder (*i.e. employees of MOC and host communities*) support the fact that legitimacy right of the oil corporations can be enhanced via favourable perception of the MOC by the host

communities. As a result, oil corporations can guarantee their legitimacy in the host communities if MOC are perceived as doing what is right in the communities. This can occur, if the communities regard the oil corporations as part of the host communities, and oil companies regard the host communities as part of the larger society. CSR activity of the oil corporation needs to be integrated into their corporate objective and the implementation of CSR strategy should be informed of macro, rather than micro development plans. As shown in figure 4.1, the research was built around a number of related literatures including legitimacy theory.

9.2.4 Objective Four

This objective was to investigate the influence of regulatory infractions on environmental performance by MOC in Nigeria. This objective was achieved through the survey of opinion of the two main stakeholders (i.e. employees of MOC and the host communities). Chapter three and four provided the detailed discussion of all the evidence obtained. The two stakeholders agreed that if there are no regulatory infractions on the part of the oil companies, the management of the oil corporations should be rated high in term of environmental performance (*i.e. good pollution control exercise, reduction in gas flaring and proper use of natural environment, etc.*). The investigation conducted on the two main stakeholders (i.e. *employees of MOC and host communities*) shows that there is a direct relationship between regulatory infractions and environmental performance of oil corporations. The environmental initiatives of the oil corporations are seen as an attempt to fulfil part of CSR obligation, which is in accordance with the needs of the host communities.

9.2.5 Objective Five

The objective five was to investigate applicability of a new theoretical framework aimed at investigating the influence of CSR initiative on community relations. This was also achieved by analysing the empirical evidence. The analysis confirms that CSR-CSP framework can be used as analytical tool to investigate the relationship between CSR initiative and community relations. In addition, the two main stakeholders (*i.e. employees of MOC and host communities*) support the fact that CSR initiative of oil corporations is an antidote for good community relations. CSR initiative of the oil

corporations provides an indication on how corporate-community relationship can be enhanced. For example, oil corporations that believed that their existence was as a result of existence of the host communities will eventually enjoy positive atmosphere in their operations. In Nigeria, MOC (*i.e. Exxon-Mobil, Total Nigeria, Shell and Chevron*) were the initiators of CSR activities in Niger-Delta simply because they want to ensure everlasting peace to reign in the oil region.

9.2.6 Objective Six

The objective was to investigate the influence of CSR initiative on community perception. This was achieved through a review of related literature on CSR initiative and Community perception. In addition, the investigation conducted through the survey of opinion of the two main stakeholders (*i.e. employees of MOC and host communities*) were further tested empirically to acquire deeper insight into the nature of replication and application by the oil companies. The result shows that there is a limit to how CSR initiative of the oil corporations can determine the perception of the oil companies by the host communities. This position was based on the non-significant direct relationship that was exhibited between the CSR initiative and community perception from the two main stakeholders as indicated by the survey result. The result also revealed the inadequacy of Nigeria government in area of infrastructural development. This suggests the reason why the people in the oil region depend on oil corporations for some essential amenities which are not readily available in the region.

Overall, the present research objectives as confirmed by the data generated from both the employees of MOC and host communities agreed that there is a limit to how CRS initiatives can determine perception of the host community. In fact, CSR strategy of oil corporations is a function of social obligation that MOC owe the host communities in the oil region. Besides, this study ensured that the right questions that relates to the present research objectives were asked from the respondents. Finding was also based on the gap found in CSR literature of the previous studies conducted in Nigerian oil industry. Specifically, the summary of the findings is presented in Table 9.1 below.

9.1: Summary of the Present Research Findings

Research Objectives	Study Hypotheses	Findings- Study 1 (Employees of MOC)	Findings- Study 2 (Host Communities)
Objective One •To investigate the influence of compliance to industry standards on environmental performance by MOC in Nigeria.	Hypothesis One H1: There is a positive relationship between compliance to industry standards and environmental performance by MOC in Nigeria.	The result reveals that there is a positive significant relationship between compliance to industry standards and environmental performance by MOC in Nigeria evidence from the result ($\beta = 0.336$, $t = 3.86$, $P < 0.01$).	The result shows that there is no direct relationship between compliance to industry standards and environmental performance because of non-significant result ($\beta = 0.127$, $t = 1.45$, $P > 0.01$).
Objectives Two •To investigate the influence of corporate legitimacy and community relations by MOC in Nigeria.	Hypothesis Two H2: There is a positive relationship between corporate legitimacy and community relations by multinational oil in Nigeria.	The result shows that there is positive relationship between corporate legitimacy and community relations by MOC in Nigeria based on the significant effect evidence (e.g. $\beta = 0.195$, $t = 2.54$, $p < 0.01$).	The result evidence reveals that there is a significant relationship between corporate legitimacy and community relations by MOC in Nigeria based of significant effect (see $\beta = 0.317$, $t = 3.92$, $p < 0.01$).
Objective Three •To investigate the influence of corporate legitimacy on community perception by multinational oil companies in Nigeria.	Hypothesis Three H3: There is positive relationship between corporate legitimacy and community perception by MOC in Nigeria.	The result reveals that there is a positive significant relationship between corporate legitimacy and community perception by MOC in Nigeria (see $\beta = 0.578$, $t = 7.76$, $p < 0.01$).	The result shows that there is a positive significant relationship between corporate legitimacy and community perception by MOC in Nigeria (e.g. $\beta = 0.319$, $t = 3.85$, $p < 0.01$).
Objective Four • To investigate the influence of regulatory infractions on environmental performance by MOC in Nigeria.	Hypothesis Four H4: There is a positive relationship between regulatory infractions and environmental performance by MOC in Nigeria.	The result shows that there is a positive significant relationship between regulatory infractions and environmental performance by MOC in Nigeria (e.g. $\beta = 0.215$, $t = 2.56$, $p < 0.01$).	The result reveals that there is a positive significant relationship between regulatory infractions and environmental performance by MOC in Nigeria (see $\beta = 0.430$, $t = 5.46$, $p < 0.01$)
Objective Five •To investigate the influence of CSR initiatives on community relations by MOC in Nigeria.	Hypothesis Five H5: There is a positive relationship between CSR initiatives and community relations by MOC in Nigeria.	The result reveals that there is a positive significant relationship between CSR initiatives and community relations by MOC in Nigeria evidence from the result (e.g. ($\beta = 0.405$, $t = 5.74$, $p < 0.01$)).	The result shows that there is a positive significant relationship between CSR initiatives and community relations by MOC in Nigeria evidence from the result (see $\beta = 0.303$, $t = 3.78$, $p < 0.01$).
Objective Six	H6: Hypothesis Six	The result shows that there is non-significant relationship	The result reveals that there is non-significant relationship

To investigate the influence of CSR initiatives on community perception by MOC in Nigeria.	There is a positive relationship between CSR initiatives and community perception by MOC in Nigeria.	between CSR initiatives and community perception by MOC in Nigeria evidence from the result (e.g. 0.055, $t = 0.67$, $p > 0.01$).	between CSR initiatives and community perception by MOC in Nigeria evidence from the result (e.g. 0.144, $t = 1.49$, $p > 0.01$).
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Source: Author

9.2 Implications, Limitations, and Direction for Future Research

The earlier section provided the summary of the research objectives that the present study sets to achieved. In addition, stressed the major contributions of the study to the existing knowledge and also explained the conclusion reached. In the same way, this section is used by the researcher to discuss what the study and its findings made as contributions to the existing knowledge in the area. In addition, the needs for further studies to fill identified gaps were recommended as appropriate.

The discussion of the present research is centred on two major areas, that is; theoretical and practical implications. Findings in this study are expected to benefit CSR practitioners, management of oil companies, stakeholders in Nigeria oil industry, CSR scholars, and Nigeria government. In all, possible area for further research in the study of CSR, stakeholder management, corporate social performance, and related problems are suggested.

9.3.1 Research Implications

9.3.1.1 Theoretical Contribution

As earlier discussed at the beginning of the thesis, this study has unveiled the potential of CSR-CSP model because it provides better understanding of CSR and CSP perspective of the two main stakeholders (employees of MOC and host communities) in Nigeria oil region. Studies so far revealed that CSR has not been well researched from theoretical and empirical viewpoints. This research argues that proper application of CSR dimensions (*compliance to industry standards, corporate legitimacy, CSR initiatives, and regulatory infractions*) and CSP dimensions (*community relations, environmental performance, and community perception*) could be a potent mechanism for enhancing social performance outcome of oil companies in Nigeria oil region.

This research makes several contributions. First, this study provides comprehensive review of CSR and CSP undertakings from the relevant literature for operationalising CSR as a construct that consists of four factors (*compliance to industry standards, corporate legitimacy, CSR initiatives, and regulatory infractions*) and CSP as a construct that consist of three factors (*community relations, environmental performance, and community perception*). These factors incorporate CSR and CSP items that comprise the relevant dimension. Nevertheless, the nature of both indicators and dimensions implies the type of measuring instrument applicable in study 1 (employees of MOC) and study 2 (host communities). Therefore, it is observed and suggested that other studies might use the instrument in a related industry or similar oil industry, or by MOC operating in a different environment. Furthermore, the operationalization's of various dimensions of CSR assists the researcher to assess the nature of relationship between the oil companies and the host communities via the present research mediators (environmental performance, community relations and community perception) on social performance outcome. Furthermore, demographic characteristics (e.g. sex, marital status and educational background) account for differences in measurement used between study 1 (employees of MOC) and study 2 (host communities). Therefore, demographic characteristics of each group determine the variability in measures used between the groups, and this invariably serves as the contribution of this study to knowledge.

Second, this study has modestly bridged the theoretical and empirical gap in the literature on the CSR in Nigeria oil industry. Also, it filled the methodological shortcomings and lack of empirical evidence on the impact of CSR (e.g. Frynas, 2008). In addition, finding makes essential points to CSR literature, because CSR needs to be carefully understood by all the stakeholders since it is multi-dimensional in nature. In addition, this research finding reveals that corporations have responsibilities that go beyond making of profit. This observation is strong because the operations of the oil companies are directly and indirectly affect the communities who are part of the stakeholders, and natural environmental in the process of conducting their business.

Third, the study reveals that in theory, CSR-CSP model justified the plausibility of refocusing CSR investment on social performance outcome by MOC in Nigeria oil

industry. The model also accepts the Frynas (2005) prescription for the enhancement of CSR investments in Africa. That, CSR-CSP model has provided the theoretical and empirical possibility for action and also highlighted the potentials of CSR investments for developmental purpose (Frynas 2005). As previously observed, the dearth of relevant researches on CSR, stakeholders' management, CSP in general and in controversial industries such as oil companies in Nigeria made this study very relevant and important. Identifying some of the indicators of CSR and CSP in this research has undoubtedly pointed out possible effectiveness of CSR activities in the context of emerging or developing economy like Nigeria.

Fourth, as indicated earlier, this study takes its reflective construction from the established assumption of CSR and CSP which stressed the need for the oil companies to maintain cordial relationship with their stakeholders. However, there is argument within the research community that the key problem with CSR is that there is a prevailing lack of clarity about the understanding of the constructs (David et al., 2012; Hussein, 2010; Turker, 2009a). As a result, the thesis suggests that the way to get better clarification about the understanding of the CSR is to take into consideration the perspective of differences of the stakeholders in respect of their understanding of the construct. Alternatively, clarification about the understanding of CSR may also be inferred from CSR initiatives and corporate legitimacy dimensions as earlier discussed.

Fifth, the results that were obtained from the questionnaire on perception of social responsibility and social performance indicate the usefulness of the instruments for further studies. The personal questionnaire has been used for collecting data at an organisational/group level of analysis. The instrument is useful for measuring the relationship between CSR dimensions and CSP dimensions on social performance outcome of MOC in Nigeria oil industry. The second methodological contribution is the use of Partial Least Squares (PLS) for measuring the relationships and ascertaining the predictability of latent variables on the manifest variables.

Sixth, this study confirms that stakeholder theory (SHT), legitimacy theory (LT), and social contract theory (SCT) are relevant theoretical underpinning for explaining CSR-CSP relationships in Nigeria oil industry. The intention of the researcher was to conduct

measurement invariance between study 1 and study 2 to determine group-specific difference, a prerequisite for multi-group analysis. However, because of inability to have a similar measure of the constructs in the model, suggests that the idea behind establishment of measurement invariance is unwarranted. Despite the inability to conduct measurement equivalence, the guideline for the interpretation of PLS-SEM was adequately complied with and this makes the present research robust in its approach. In addition, relevant example from Nigeria oil industry was also used to substantiate the benefit of this research to the CSR scholars.

Seventh, the present research conducted investigation into the moderating effect of demographic variables (sex, marital status and educational background) on the two main stakeholders (employees of MOC and host communities) to determine their influence on the measures used between study 1 and study 2. Finding reveals that sex and marital status do not moderate relationship between the measurements used for the two main stakeholders. In contrary, educational background serves as moderating variable for measurement used between study 1 and study 2. Hence, demographic characteristics (i.e. sex and marital status) do not account for the choice of measures used. However, educational background accounts for differences in measures used between study 1 and study 2 as revealed by the results.

Overall, the main contribution of the present research is the conceptual model shown in chapter four (*e.g. figure 4.2*), which revealed the effect of CSR dimensions (*compliance to industry standards, corporate legitimacy, regulatory infractions and CSR initiatives*) on social performance outcome via CSP dimensions (*environmental performance, community relations and community perception*). The model showed that social performance outcome of the MOC can be enhanced, if there is a positive significant relationship between the exogenous variables (*compliance to industry standards, corporate legitimacy, regulatory infractions and CSR initiatives*) and endogenous variable (*Social performance*) via the mediating variables (*environmental performance, community relations and community perception*). As such, mechanism that will enhance social performance outcome of the oil corporations is needed to guarantee smooth working relationship between the MOC and the host communities. Also, the moderating

effect of demographic variables (e.g. *sex, educational background and marital status*) was assessed for study 1 and study 2. However, only educational background shows significant relationship between the measures used for study 1, but, sex and marital status indicated non-significant relationship. On the other hand, all the demographic characteristics (e.g. *sex, educational background and marital status*) shows non-significant relationship between the measures used for study 2.

In fact, the conceptual model is used for the assessment of the findings from the data generated, and the objectives of the main stakeholders (e.g. *employees of MOC and host communities*) may be achieved only when there is a proper application of the conceptual model (see model figure 4.2) for ensuring smooth working relationship between the oil companies and the host communities. The model suggests mediating effect of (*environmental performance, community relations and community perception*) between CSR dimensions (*compliance to industry standards, corporate legitimacy, regulatory infractions and CSR initiatives*) and social performance outcome. However, the mediating variables (*environmental performance, community relations and community perception*) do not absorb the direct effect between CSR dimensions (*compliance to industry standards, corporate legitimacy, regulatory infractions and CSR initiatives*) and social performance outcome in study 1- employees of MOC, whereas, only (*community relations*) absorb some of the direct effect between (*corporate legitimacy and social performance*), and (*CSR initiatives and social performance*) in study 2- host communities.

9.3.1.2 Practical Implications

For academic researchers, developing a meta-theoretical framework for CSR-CSP model from stakeholder theory (SHT), legitimacy theory (LT) and social contract theory (SCT) has provided opportunity for further empirical investigation on the prospect of refocusing on CSR activities in Nigeria oil industry.

Policy makers should endeavour to consider the future potential of CSR-CSP among the oil companies in Nigeria. This will help in strengthening institutional support and infrastructural facilities in the oil region. The inherent benefits of CSR-CSP model as depicted (e.g. *figure 4.2 chapter four*) provides an indication that proper application of

the model can lead to (i) wealth creation (ii) employment generation to the host communities (iii) poverty reduction and (iv) Infrastructural development in the communities.

For practitioners, especially, CSR managers and consultants, refocusing CSR investments on the development of host communities can enhance social performance outcome of the MOC in the host communities. More importantly, MOC can initiate developmental projects in support of rural communities in the oil region for the purpose of giving back to the communities as their own contribution. The CSR-CSP model proposed in this research can be better coordinated to justified CSR investment of MOC in the oil region. In addition, PSRSPQ instrument has proven to be an effective tool for measuring the relationship between CSR and CSP. The four dimensions of CSR and three dimensions of CSP in the questionnaire are useful for measuring the social performance outcome of MOC in Nigeria between the two main stakeholders (i.e. employees of MOC and host communities).

9.3.1.3 Managerial Implications

In the highly increasingly environmental and global competition around the world, CSR now serves as effective tool for linking the impact of social performance to the benefit of the communities, where the corporation operates. Corporate effort gear towards the understanding of CSR will improve the social performance outcome of the MOC in Nigeria oil region. Findings in this result have several implications for corporate managers, particularly, on guidelines needed for implementation of CSR initiatives. For instance, corporations may adopt some of the CSR and CSP dimensions discussed in the earlier section of this chapter. Thus, with respect to social performance outcome, corporations may employ good community relations and environmental initiative effort, as instrument to reduce the suffering of the host communities. On the other hand, if MOC structure their CSR activities in accordance with some of these CSR initiatives guidelines, this may be a good starting point for sustaining cordial relationship between the MOC and the host communities.

The results also show the relative importance of CSR and CSP dimensions to the understanding of the CSR success among the stakeholders in Nigeria oil industry. At least, several important managerial implications derived from this research finding.

First, the role of competitive intensity in the assessment of CSR strategy needs to be measured by the managers; in addition, managers need to be conscious of competition (i.e. *CSR initiatives strategy of the other oil companies in the host communities*) in the oil industry. Thus, this view aligns with stakeholder theory, and the need to integrate CSR strategy into firms' core business activities. Although, such strategy might be poorly implemented by the corporation, because firm failed to make distinction between CSR and CSP dimensions in relation to social performance outcome as indicated in the present study. Managers should note that social performance outcome is indirectly link to CSR dimensions (compliance to industry standards, corporate legitimacy, regulatory infractions and CSR initiatives). By considering the indirect effect of these mediators (environmental performance, community relations and community perception), managers may blindly pursue CSR strategy in this industry and ignoring the role of these mediators.

Second, the findings suggest that managers should not adhere strictly to general measures of CSR but ensure that specific dimensions of CSR are evaluated. However, there may be need for managers to employ some of the CSR and CSP dimensions regarding social performance outcome as proposed in this research. In addition, corporations should evaluate how far the stakeholders' expectations are adhering to, particularly, the host communities; so that adjustment can be offered on CSR strategy, whenever the need arises.

Overall, this study results stress that managers should recognise that the effectiveness of investment in CSR activities rests on the expectations and the needs of the community. Present research findings show that social performance outcome is indirectly related to CSR dimensions (compliance to industry standards, corporate legitimacy, regulatory infractions and CSR initiatives). Detail understanding of CSR dimensions may assist managers to tailor firms various CSR activities or programmes to the need of the host

communities, specifically, to enhance corporate-community relationship at the same time achieve social performance objectives of the corporations.

9.3.2.1 Reflective Measure of CSR and Managerial Implications

When conducting study on CSR and CSP as perceived by the community, managers should ensure that the measures adopted capture the construct of interest. Existing measures of CSR and CSP on social performance outcome can be used particularly, if the study in question is from different research context. The proposed reflective operationalisation of CSR and CSP measures provide an indication that some of measures may have contained several of CSR and CSP dimensions, but omission of these dimensions might prevent a comprehensive understanding of CSR and CSP constructs.

Furthermore, inability to properly specify the measurement model can give bias estimates of structural relationships between the constructs. This means that, mis-specifications can lead to poor or incorrect decision making. For instance, well-intentional CSR managers in Nigeria oil companies might decide to invest in some CSR activities, by giving scholarship to the indigent community members, provide infrastructural amenities, schools, skill acquisition to the community, etc. in order to improve the CSR initiatives strategy of the corporations. These are done to improve the corporate community relationship. Therefore, the strength of the structural relationships could assist the managers in making certain assumptions about the effect of community expectations, perception and future behaviour of the community, and the return on CSR activities investment to the corporation.

Such decision may not be appropriate if CSR manager's measurement instrument failed to reveal the relative importance of CSR contribution. In fact, this may lead to misapplication of CSR activities, and eventually affect the performance of the corporation in term of its relationship with the community, and firm's social performance outcome. Also, resources allocation may vary according to the conceptualisation of CSR by the corporation. A reflective model is expected to assist managers to establish which among the CSR dimensions is most influential in enhancing the community relations, perception and thus create positive environmental

performance for the firm. Reference to the previous example, CSR manager may decide to invest in skill acquisition instead of provision of infrastructure, if such effort will increase smooth working relationship between the oil corporations and the host communities. However, this research model suggests the significance of each of the reflective measures to CSR managers. It is assured that, managers can enhance their CSR initiatives by focusing on the relative importance of the CSR and CSP dimensions on social performance outcome.

9.3.2.2 Reflective Measure of CSR and CSP on Firms' Social Performance Outcome

This research finding reveals that fulfilment of community perception and expectations significantly depend on CSR activities that are provided by the corporation. As a result, the four dimensions of CSR and three dimensions of CSP must be an integral part of social performance strategy for the success of CSR initiatives of the oil firms. In addition, the reflective measurement model consists of four dimensions for CSR (compliance to industry standards, corporate legitimacy, CSR initiatives, and regulatory infractions). Meanwhile, the three dimensions of CSP consist of community relations, environmental performance, and community perception which serve as a panacea for social performance outcome of MOC in Nigeria. Consequently, all interactions between MOC and the host communities should embrace these seven dimensions. CSR managers should adhere to these dimensions with all sense of sincerity, in order to achieve high level of CSR activities that satisfy community expectations, perception and needs. Thus, reference to initial example of CSR initiatives and Oil Corporation, the consistency in the provision of CSR activities by the oil firm are essential to community expectations and perception. Adoption of MOC standards practice will significantly enhance the relationship between MOC and the host communities. CSR managers should adhere to the standards operating policy, present the corporate image of the corporation well in the eye of the members of the public, particularly, the host communities, and consistently reinforcing the firm image in the presence of the stakeholders.

Managers must be aware of the antecedent and the effect of CSR and CSP on social performance outcome. Similarly, better understanding of these reflective measurement

constructs is an important step towards the efficient application of CSR initiatives by the corporation. Still, firms should adhere strictly to the application of reflective dimension through investment in CSR activities that are geared towards sustaining good community relationship. Managers must come to term with the fact that stakeholders attached importance in their relationship to the corporations. Moreover, there is need for managers to understand the relative importance of the reflective measure to one another, and the significance of each of the dimension towards maximization of social performance outcome of firms to a greater height.

In sum, this study reveals that the reflective measures provide a critical guideline for CSR and CSP dimensions on social performance outcome that may surface in the cause of implementing CSR activities by the firms. Clearly, this study strongly suggests that sheer incorporating CSR activities does not in any way offer the desire effect. If care is not taking, it might bring unwelcome effect. Therefore, managers must endeavour to evaluate the reflective measures at all stages of implementation of the firms CSR strategy. It is therefore suggested that reflective measurement model as it is proved in the study is critical and serves as alternative in the implementation of CSR strategy.

9.4 Limitations and Recommendations for Future Research

9.4.1 Limitations of this Research

As with any research, this study is not without limitations. First, the self-administered survey questionnaire only addressed sample of big four MOC and representatives of the host communities. There is no doubt that, stakeholders in Nigeria oil industry cut across different backgrounds and this study did not cover all those outside the population of study. However, the individual stakeholders who participated in the survey only have reasonable knowledge of CSR, therefore, it cannot be concluded that respondents' views will be the case with other categories of stakeholders because of the international setting of this research work (Nigeria). The problem which this study tried to solve is generally of interest to international audience but in particular very important to Nigeria. However, this study might be of interest to the international audience. The prevailing

nature of environmental degradation in the Nigeria oil region necessitated this study, but this may or may not be in accordance with situation in the developed countries.

Second, this study only concentrated on senior employees of big four MOC and the representatives of the host communities and left out other categories of respondents. As previously mentioned in chapter five, this is because those that have knowledge of CSR activities and good educational background were considered more appropriate candidate for the survey. Consequently, the views of those not covered in the study may raise the question of general applicability of the results to the region.

Third, comprehensive identification of the ideal measures of CSR and CSP dimensionality is a key to this research. This is because some respondents tried to express socially desirable goals regarding CSR instead of the respondents' point of views. The questionnaire used in the study strictly adhered to CRS and CSP and their usefulness in Oil industry. Therefore, results obtained may not be useful to industry outside Oil industry. Despite this limitation, this study has provided useful insight on the potential of CSR and CSP in Nigeria oil industry.

Fourth, the present research is not a longitudinal study, and like any other cross-sectional study, it can only provide a static perspective on fit and, therefore, a better longitudinal approach would have placed the researcher in far better position to draw causal conclusion. Similarly, differences in cultural and international contexts may limit the generalisation of the findings.

In all, this study was constrained by resources, particularly time and money since it was undertaken within the time frame for higher degree programmes like PhD. It was impossible to cover other aspects of stakeholder (*i.e. customer, competitors and government, etc.*) because of limited fund at the disposal of the researcher.

9.4.2 Recommendations for Future Research

Based on the implications of this study as discussed in previous sections, the following are made as recommendation for those who may want to replicate the study.

- (i) It is suggested that further research should be carried out to determine whether the ideas recommended are feasible in practice or not. In fact, future research should investigate a larger sample of oil companies, possibly with some variations in sizes and countries of origin, to assess whether or not finding here may be generalised to most oil firms in the industry. Furthermore, further research can also be carried on the study to provide justification, perhaps, for the comprehensive application of the findings as against single country study design used here. As discussed in the previous section, further research can use the instrument (indicators and dimensions) to carry out inter firm comparison in term of industries and countries.
- (ii) Related to the above, this study analyses the present research findings via PLS-SEM statistical technique. Future research can use structural equation modeling (SEM) or AMOS (Analysis of Moment Structures) to confirm or reject the suitability of this statistical technique. Testing of confirmation is not necessary the goal of a thesis such as this, but this research focused more on prediction. Moreover, it is essential to point out this, especially because of the persistent effort of this thesis in applying theory to practical situation. Also, future research will also help to determine whether the CSR (compliance to industry standards, corporate legitimacy, regulatory infractions and CSR initiatives) and CSP (environmental performance, community relations and community perception) dimensional reflective constructs developed in this study has provided the best fit for the data.
- (iii) The understanding of CSR and its measurement in the context of cultural differences was carefully considered in this study. As a result, the authors demonstrate an extensive understanding of the current literature in the field of CSR, particularly, in relation to CSR measurement, but the practice of CSR around the world mainly determines how the term is understood. Despite the variation in the understanding of the concept as practised, its understanding is mainly determined by the population in question. The

understanding of the concept requires more intelligent discussion and agreement on how to further develop the concept and enhance understanding by both the CSR practitioners and the academics.

- (iv) Furthermore, the adapted instrument used in measuring CSR and CSP scales in the context of this study need to be further investigated by future researchers for refinement, improvement and its applicability in different research context. Due to lack of consensus on the dimensions of CSR, the specific dimensions may be criticised for lacking theoretical guidance. Nonetheless, future research should attempt to identify a set of CSR dimensions with a strong theoretical fortune that will have universal application. The quantitative nature of this research suggests that further studies can combine the mixture of quantitative and qualitative studies for the purpose of accommodating other category of employees of MOC and uneducated members of the host communities.
- (v) This study suggested that policy makers at government and corporate level should work together to ensure that CSR activities are purposefully supported for capacity building in the host communities. The principles of voluntarism that drives conventional CSR activities should guide the entrenchment of CSR by the oil companies in Nigeria.
- (vi) The role of government in refocusing CSR activities should be strictly regulated. Moreover, government should provide an enabling environment for smooth working relation between oil companies and the host communities. Government should encourage voluntary participation in development effort by the oil companies operating in oil region, rather than using coercing measures.
- (vii) Oil companies should ensure that CSR programmes are properly communicated to the stakeholders in Nigeria oil industry. Oil companies are

advised to periodically communicate CSR initiatives through periodic social, accounting and environmental reporting using newspapers, radio, TV, websites, annual report, etc. Complaints from the stakeholders, particularly, the two main stakeholders (employees of MOC and host communities) should be appropriately handled by corporate affairs department of the oil companies.

- (viii) Overall, this study revealed a number of issues regarding survey studies in developing countries like Nigeria. Moreover, to fortify survey strategy and ensure replicability of survey-oriented research of this nature in developing countries, there is need for established public institutions and companies to accord researchers the needed support when undertaking studies of this nature, because of the social-economic benefits arising from their results and recommendation which are of great benefit to the the social-economic development of any country. Institutional participation in research studies should be encouraged by the government through financial assistance and policy statement to motivate corporations to support and promote research. Researchers should be advised to treat data collected from corporations and other institutional bodies with utmost confidentiality, as misuse of data collected by the researchers is often advanced as the main reason for not granting access to researchers.

9.5 Generalisability of the Study Findings

Though, the experimental research designed was followed when planning this study to ensure thoroughness, objectivity and error minimisation, however, there are possible limitations in a study of this magnitude in terms of generalisation of the findings, level of analysis/depth of the research and data collection because of sensitivity of the research, choice of sampling technique, sample size, choice of analysis and logistic constraints.

In academic research, generalisability is an important consideration because it is the researcher's extension of findings and conclusions from a sample of the whole

population (e.g. Guthrie, 2010). However, the six (6) findings from this research represents the perceptions of the two main stakeholders (employees of MOC and host communities) about CSR activities in Nigeria oil industry. For the other sectors of the economy and the entire Nigeria country, the findings can be used, but its generalization to other area outside oil industry calls for caution. This caution is needed, because of the sample size and the sampling techniques used relate to oil industry and host communities. The sampling methods used, and the procedure adopted were found suitable for oil industry but could be adapted for use in other related industry in the country.

9.6 Conclusion

This chapter provides the conclusion of this study about what the present research set to achieve as well as brief discussion on the research objective. Sequence to this, implications of the findings, their limitations and recommendations for future research were provided. In addition to theoretical contribution and managerial implications pointed out in this study discussed, and recommendations were also offered for future researchers as deem fit. This study finding was based on the methodology and data that were available at the disposal of the researcher, therefore, the recommendations offered by the author might not necessarily means the best solution to the problems of oil industry in Nigeria or similar industry that experience same problems, but as part of solution to problems in Niger-Delta, where most of the oil companies operate.

In sum, due to the reflective differences within the academics, the implication is the retrospective effect of academic theories on the CSR practices. This study provides fundamental position of CSR and CSP measurement model in relation to social performance outcome of MOC towards the host communities in Nigeria. This finding further buttress by the normative and instrumental stance of stakeholder theory and operationalisation of the CSR can be due to resourcefulness of reflective measurement constructs draws from both the theory and practice. Thus, reflective nature of CSR and CSP on social performance outcome model proposed was based on the measures developed, in order to acknowledge and appreciate the effort of this research in adding to the existing body of knowledge.

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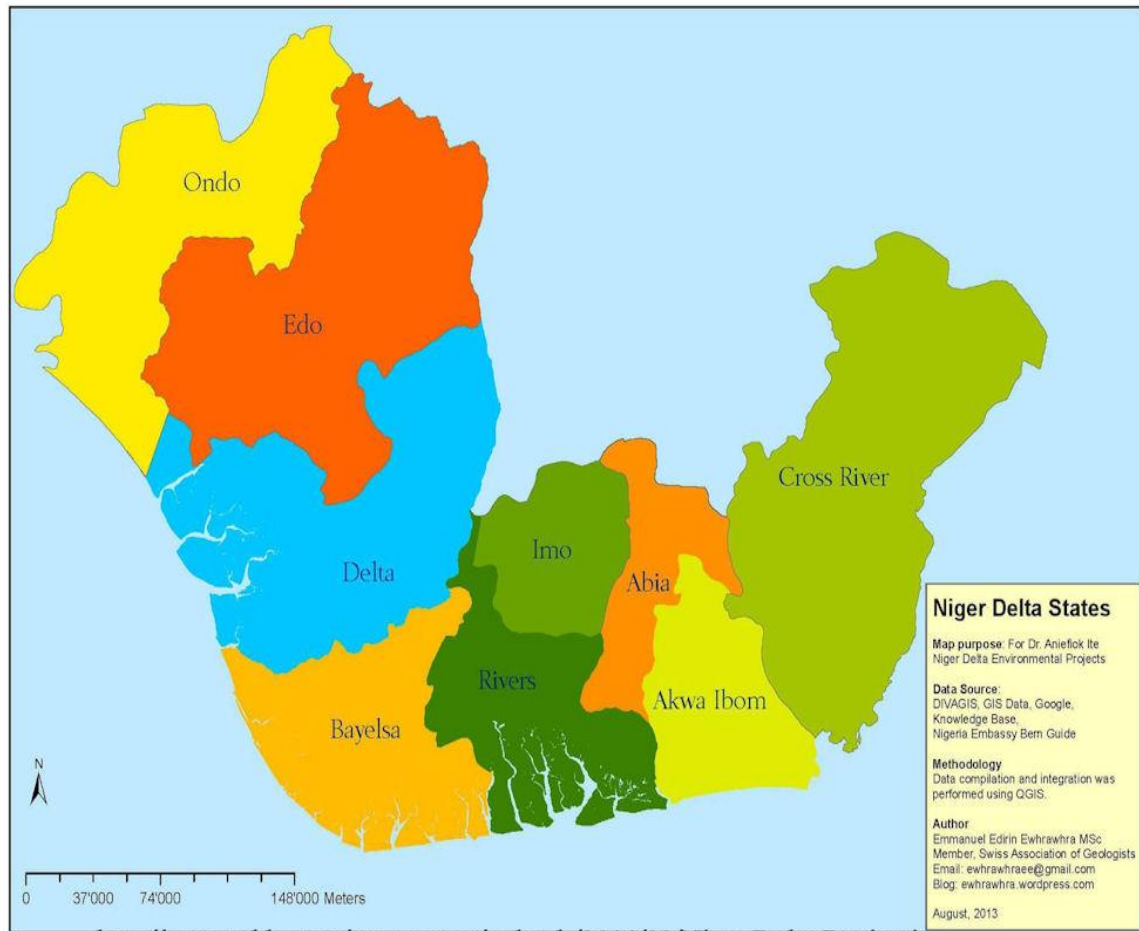
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Appendices

Appendix 2.1

Nigeria Map – Niger-Delta States



<http://www.nddoe.org/wp-content/uploads/2014/02/Niger-Delta-Region.jpg>

Appendix 7.1



Perception of Social Responsibility and Social Performance Questionnaire (PSRSPQ) in Nigeria Oil Industry

I am a Doctoral student in the Faculty of Business and Law, Kingston University, London, United Kingdom. Currently, I am undertaking a research on the above topic. This self-administered questionnaire is designed to generate information from you on the effect of corporate social responsibility and stakeholder management on corporate social performance in Nigeria Oil Industry. Please be assured that the data generated are purely for this research, and will be treated with the utmost anonymity and confidentiality. Your cooperation is hereby solicited. Kindly give sincere response to all the questions. Thank you for your anticipated participation.

*If you have any questions or clarification about the study, please contact **Ojodu, Hameed Omotola** phone numbers +2438033055808, +2348024990757, +447459069712 or email to K1206012@kingston.ac.uk, omotola808@yahoo.com.*

Instruction: Please mark or tick the appropriate box.

RESPONDENTS: employees of the Multinational Oil Companies.

SECTION A: CORPORATE SOCIAL RESPONSIBILITY SCALE (CSRS)

Part I: Perception of CSR in the Oil Industry

SN	Strongly Agree (SA), Agree (A), Somewhat Agree (SA) Neutral (N), Somewhat Disagree (SD), Disagree (D) and Strongly Disagree (SD)	SA	A	SA	N	SD	D	SD
A1	CSR contribute to the economic development of Nigeria oil industry.							
A2	CSR help to preserve jobs for people in Nigeria oil industry.							
A3	CSR create jobs for people in Nigeria oil industry.							

Part II: CSR as Compliance to Industry Standards

SN	Strongly Agree (SA), Agree (A), Somewhat Agree (SA), Neutral (N), Somewhat Disagree (SD), Disagree (D) and Strongly Disagree (SD)	SA	A	SA	N	SD	D	SD
B1	Our oil companies apply appropriate work practices to reduce exposure to dangers by the employees							
B2	Our oil companies use appropriate protective equipment as indicated by the health and safety plan in the industry to protect the employees.							
B3	Our oil companies take appropriate steps if prevented from or punished for exercising your right in the company.							
B4	Our oil companies appropriately report injuries, accidents, or illness in the company.							
B5	Our oil companies explain to other workers to report safety violations in the company.							

B6	Our oil companies take action to stop safety violations in order to protect the well-being of the employees.							
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Part III: CSR as CSR Initiatives

SN	Strongly Agree (SA), Agree (A), Somewhat Agree (SA), Neutral (N) Somewhat Disagree (SD), Disagree (D) and Strongly Disagree (SD)	SA	A	SA	N	SD	D	SD
C1	Our oil companies put the interest of the communities into consideration before taking business decisions.							
C2	Our oil companies provide financial support for education in the communities.							
C3	Our oil companies help to reduce poverty rate in the communities.							
C4	Our oil companies improve the quality of life in the communities.							
C5	Our oil companies provide money for charities in the communities.							
C6	Our oil companies provide financial support activities for arts, culture and sports in the communities.							

Part IV: CSR as Corporate Legitimacy

SN	Strongly Agree (SA), Agree (A), Somewhat Agree (SA), Neutral (N), Somewhat Disagree (SD) Disagree (D) and Strongly Disagree (SD)	SA	A	SA	N	SD	D	SD
D1	Our oil companies have positive opinion about corporate social responsibility initiatives to community.							
D2	Our oil companies believe that it is good to follow government regulations.							
D3	Our oil companies do a good job by extracting oil in the community.							
D4	Our oil companies are honest with the community.							
D5	Our oil companies are necessary part of the community.							
D6	Our oil companies' benefits to community outweigh the problems.							

Part V: CSR as Regulatory Infractions

SN	Strongly Agree (SA), Agree (A), Somewhat Agree (SA), Neutral (N), Somewhat Disagree (SD), Disagree (D) and Strongly Disagree (SD)	SA	A	SA	N	SD	D	SD
E1	Our oil companies properly handled reports of violations or irregularities in the company.							
E2	Our oil companies' employees adequately report violations to the company.							
E3	Our oil companies' heads expect employees to report violations and irregularities to the company.							
E4	Most often we feel that our company expect us to report violations and irregularities.							
E5	Our oil companies take unreported violations in any company unit serious.							

SECTION B: Corporate Social Performance Scale (CSPS)

Part I: Perception of Corporate Social Performance in the Oil Industry

SN	Strongly Agree (SA), Agree (A), Somewhat Agree (SA), Neutral (N), Somewhat Disagree (SD), Disagree (D) and Strongly Disagree (SD)	SA	A	SA	N	SD	D	SD
F1.	CSP should be responsive to a variety of factors that make-up social responsibility.							
F2.	CSP should be independent of the quality of the organization.							

F3	CSP should base on outcome measures rather than perceptions.							
F4	CSP should reflect the value of the stakeholders being considered.							
SN	Strongly Agree (SA), Agree (A), Somewhat Agree (SA), Neutral(N), Disagree (D), Somewhat Disagree (SD) and Strongly Disagree (SD)	S	A	SA	N	SD	D	SD
G1	Our oil companies employ people with disabilities in the communities.							
G2	Our oil companies make donations to social activities in the communities.							
G3	Our oil companies invest in the education of young people in the communities.							
G4	Our oil companies contribute to solving communities' problems.							
G5	Our oil companies employ long-term unemployed people in the communities.							

Part III: CSP as Environmental Performance

SN	Strongly Agree (SA), Agree (A), Somewhat Agree (SA) Neutral (N), Somewhat Disagree (SD) Disagree (D), and Strongly Disagree (SD)	SA	A	SA	N	SD	D	SD
H1	Our oil companies implement special programs to minimize its negative impact on the natural environment.							
H2	Our oil companies participate in activities which protect and improve the quality of the natural environment.							
H3	Our oil companies have the necessary equipment to reduce its negative environmental impact.							
H4	Our oil companies make well-planned investments to avoid environmental degradation.							
H5	Our oil companies make investment to create a better life for future generations in the community.							
H6	Our oil companies make investments to create employment opportunities for future generations in the community.							

Part IV CSP as Community Perception

SN	Strongly Agree (SA), Agree (A), Somewhat Agree (SA) Neutral (N), Somewhat Disagree (SD), Disagree (D) and Strongly Disagree (SD)	SA	A	SA	N	SD	D	SD
I1	Our oil companies sharing a sense of personal connection to the members of the communities.							
I2	Our oil companies feel that communities' needs will be met by the resources received through their cooperation.							
I3	Our oil companies feel that communities have shared and will share history, common places, time together, and similar experiences.							
I4	Our oil companies give sense of responsibility to support the well-being and success of the communities.							
I5	Our oil companies provide sense of responsibility to the well-being of the population that share common goal with them.							
I6	Our oil companies' desire is to give to the communities without needing to receive anything in return.							

SECTION C: PERSONAL DATA OF RESPONDENTS

J1. Sex: Male ☐ Female ☐

J2. Age

- (a) 16 – 25 years ☐
 (b) 26 – 35 years ☐
 (c) 36 – 45 years ☐
 (d) 46 – 55 years ☐
 (e) 56 years above ☐

J3. Marital status:

- (a) Single ☐ (b) Married ☐
 (c) Divorced ☐ (d) Widow ☐

J4. Educational qualifications

- (a) Secondary School ☐ (c) Bachelor/HND ☐
 (b) ND/NCE ☐ (d) Master/PhD. ☐
 Others _____ (Specify)

J5. What is your status in the company?

- (a) MD/General manager ☐
 (b) Manager ☐
 (c) Administrative staff ☐
 (d) Others ☐

THANK YOU for taking time to complete this survey.

Adapted from

Chung et al. (2015) ‘Developing Measurement Scales of Organizational and Issue Legitimacy: A Case of Direct-to consumer advertising in the Pharmaceutical Industry’. *Journal of Business Ethics*, (online).

DeArmond, et al. (2011) ‘Industry Safety Performance in the Construction Industry: Development and Validation of two short Scales’. *Accident Analysis and Prevention*, 43 (3), pp. 948-954.

Ellis, S. and Arieli, S. (1999) ‘Predicting Intention to Report administrative and Disciplinary Infractions: Applying the Reasoned Action Model’, *Human Relations*, 52 (7), pp. 947-967.

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Ruf et al. (1998) ‘The Development of a Systematic, Aggregate measure of CSP’. *Journal of Management*, 24 (1), pp. 119-133.

Turker (2009) ‘Measuring Corporate Social Responsibility: A Scale Development Study’. *Journal of Business Ethics*, 85 (4) pp. 411-427.

- QA1 – QA4: Adapted from (Obersede et al. 2014)
 QB1-QB6: Adapted from (DeArmond et al. 2011)
 QC1-QC6: Adapted from (Lindgreen et al. 2009)
 QD1-QD6: Adapted from (Chung et al. 2015)
 QE1-QE5: Adapted from Ellis and Arieli 1999)
 QF1-QF4: Adapted from (Ruf et al. 1998)
 QG1-QG5 Adapted from (Obersede et al. 2014).
 QH1-QH6 Adapted from (Turker, 2009)
 QI1- QI6 Adapted from (Nowell and Boyd, 2014).

Appendix 7.2



Perceived Role of Social Responsibility and Social Performance Questionnaire (PRSRSPQ) in Nigeria Oil Industry

I am a Doctoral student in the Faculty of Business and Law, Kingston University, London, United Kingdom. Currently, I am undertaking a research on the above topic. This self-administered questionnaire is designed to generate information from you on the effect of corporate social responsibility and stakeholder management on corporate social performance in Nigeria Oil Industry. Please be assured that the data generated are purely for this research, and will be treated with the utmost anonymity and confidentiality. Your cooperation is hereby solicited. Kindly give sincere response to all the questions. Thank you for your anticipated participation.

*If you have any questions or clarification about the study, please contact **Ojodu, Hameed Omotola** on phone numbers +2438033055808, +2348024990757, +447459069712 or email to K1206012@kingston.ac.uk, omotola808@yahoo.com.*

Instruction: Please mark or tick the appropriate box.

RESPONDENTS: Representatives of the Communities.

SECTION A: CORPORATE SOCIAL RESPONSIBILITY SCALE (CSRS)

Part I: Perception of CSR in the Oil Industry								
SN	Strongly Agree (SA), Agree (A), Somewhat Agree (SA), Neutral (N), Somewhat Disagree (SD) Disagree (D) and Strongly Disagree (SD)	SA	A	SA	N	SD	D	SD
A1	CSR contribute to the economic development of Nigeria oil industry.							
A2	CSR help to preserve jobs for people in Nigeria oil industry.							
A3	CSR create jobs for people in Nigeria oil industry.							

Part II: CSR as Compliance to Industry Standards								
SN	Strongly Agree (SA), Agree (A), Somewhat Agree (SA), Neutral (N), Somewhat Disagree (SD), Disagree (D) and Strongly Disagree (SD)	SA	A	SA	N	SD	D	SD
B1	Oil companies apply appropriate work practices to reduce exposure to dangers in our communities.							
B2	Oil companies use appropriate protective equipment as indicated by the health and safety plan in the industry to protect our communities.							
B3	Oil companies take appropriate steps if prevented from or punished for exercising your right in our communities.							
B4	Oil companies appropriately report injuries, accidents, or illness whenever it affects our communities.							
B5	Oil companies explain to other workers to report safety violations relating to our communities.							
B6	Oil companies take action to stop safety violations in order to protect the well-being of our communities.							

Part III: CSR as CSR Initiatives.

SN	Strongly Agree (SA), Agree (A), Somewhat Agree (SA), Neutral (N), Somewhat Disagree (SD), Disagree (D) and Strongly Disagree (SD)	SA	A	SA	N	SD	D	SD
C1	Oil companies put the interest of our communities into consideration before taking decisions.							
C2	Oil companies provide financial support for education in our communities.							
C3	Oil companies help to reduce poverty rate in our communities							
C4	Oil companies improve the quality of life in our communities.							
C5	Oil companies provide money for charities in our communities.							
C6	Oil companies provide financial support activities for arts, culture and sports in our communities.							

Part IV: CSR as Corporate Legitimacy

SN	Strongly Agree (SA), Agree (A), Somewhat Agree (SA), Neutral (N), Somewhat Disagree (SD), Disagree (D) and Strongly Disagree (SD)	SA	A	SA	N	SD	D	SD
D1	Our community have positive opinion about corporate social responsibility initiatives of oil companies.							
D2	Most often oil companies believe that it is good to follow government regulations							
D3	Oil companies do a good job by extracting oil in our community							
D4	Oil companies are honest with our community.							
D5	Oil companies are necessary part of our community.							
D6	Oil companies' benefits to our community outweigh the problems.							

Part V: CSR as Regulatory Infractions

SN	Strongly Agree (SA), Agree (A), Neutral (N), Somewhat Disagree (SD), Disagree (D) and Strongly Disagree (SD)	SA	A	SA	N	SD	D	SD
E1	Oil companies properly handled reports of violations or irregularities in our communities.							
E2	Oil companies' employees adequately report violations to their company whenever it affects our communities.							
E3	Oil companies' heads expect employees to report violations and irregularities to the company whenever it affects our communities.							
E4	Oil companies often encourage our communities to report violations and irregularities to the company.							
E5	Oil companies take unreported violations in any of their unit serious whenever it affects our communities.							

SECTION B: Corporate Social Performance Scale (CSPS)

Part I: Perception of Corporate Social Performance in the Oil Industry

SN	Strongly Agree (SA), Agree (A), Somewhat Agree (SA), Neutral (N), Somewhat Disagree (SD), Disagree (D) and Strongly Disagree (SD)	SA	A	SA	N	SD	D	SD
F1	CSP should be responsive to a variety of factors that make-up social responsibility.							
F2	CSP should be independent of the quality of the organization							
F3	CSP should base on outcome measures rather than perceptions.							
F4	CSP should reflect the value of the stakeholders being considered.							

Part II: CSP as Community Relations

SN	Strongly Agree (SA), Agree (A), Somewhat Agree (SA), Neutral (N), Somewhat Disagree (SD), Disagree (D) and Strongly Disagree (SD)	SA	A	SA	N	SD	D	SD
G1	Oil companies employ people with disabilities in our communities.							
G2	Oil companies make donations to social activities in our communities.							
G3	Oil companies invest in the education of young people in our communities.							
G4	Oil companies contribute to problems solving in our communities.							
G5	Oil companies employ long-term unemployed people in our communities.							

Part III: CSP as Environmental Performance

SN	Strongly Agree (SA), Agree (A), Somewhat Agree (SA), Neutral (N), Somewhat Disagree (SD), Disagree (D) and Strongly Disagree (SD)	SA	A	SA	N	SD	D	SD
H1	Oil companies implement special programs to minimize its negative impact on the natural environment.							
H2	Oil companies participate in activities which protect and improve the quality of the natural environment.							
H3	Oil companies have the necessary equipment to reduce its negative environmental impact.							
H4	Oil companies make well-planned investments to avoid environmental degradation.							
H5	Oil companies make investment to create a better life for future generation in our community.							
H6	Oil companies make investment to create employment opportunities for future generation in our community.							

Part IV: CSP as Community Perception

SN	Strongly Agree (SA), Agree (A), Somewhat Agree (SA), Neutral (N), Somewhat Disagree (SD), Disagree (D) and Strongly Disagree (SD)	SA	A	SA	N	SD	D	SD
I1	Oil companies sharing a sense of personal connection to the members of our communities.							
I2	Oil companies feel that communities' needs will be met by the resources received through our cooperation.							
I3	Oil companies feel that our communities have shared and will share history, common places, time together and similar experiences.							
I4	Oil companies give sense of responsibility to support the well-being and success of our communities.							
I5	Oil companies provide sense of responsibility to the well-being of our population that share common goal with them.							
I6	Oil companies' desire is to give to our communities without needing to receive anything in return.							

SECTION C: PERSONAL DATA OF RESPONDENTS.

J1. Sex: Male ☐ Female ☐

J2. Age

- (a) 16 – 25 years ☐
- (b) 26 – 35 years ☐
- (c) 36 – 45 years ☐
- (d) 46 – 55 years ☐
- (e) 56 years above ☐

J3. Marital status:

- (a) Single ☐ (b) Married ☐
(c) Divorced ☐ (d) Widow ☐

J4. Educational qualifications

- (a) Secondary School ☐ (c) Bachelor/HND ☐
(b) ND/NCE ☐ (d) Master/PhD. ☐
☐ Others _____ (Specify)

J5. What is your status in the community?

- (a) President ☐
(b) General Secretary ☐
(c) Publicity Secretary ☐
(d) Others ☐

THANK YOU for taking time to complete this survey.

Adapted from

Chung et al. (2015) 'Developing Measurement Scales of Organizational and Issue Legitimacy: A Case of Direct-to consumer advertising in the Pharmaceutical Industry'. *Journal of Business Ethics*, (online).

DeArmond, et al. (2011) 'Industry Safety Performance in the Construction Industry: Development and Validation of two short Scales'. *Accident Analysis and Prevention*, 43 (3), pp. 948-954.

Ellis, S. and Arieli, S. (1999) 'Predicting Intention to Report administrative and Disciplinary *Infractions*: Applying the Reasoned Action Model', *Human Relations*, 52 (7), pp. 947-967.

Lindgreen, et al. (2009) 'CSR: An Empirical Investigation in US Organizations'. *Journal of Business Ethics*, 85 (2), pp. 302-323.

Nowell, B. and Boyd N. (2014) 'Sense of Community Responsibility in community Collaboratives: Advancing a Theory of Community as Resource and Responsibility'. *American Journal of Community Psychology*, 54 (3), pp. 229-242.

Obersede et al. (2014) 'Consumers' Perception of CSR: Scale Development and Validation'. *Journal of Business Ethics*, 124 (1), pp. 101-115.

Ruf et al. (1998) 'The Development of a Systematic, Aggregate measure of CSP'. *Journal of Management*, 24 (1), pp. 119-133.

Turker (2009) 'Measuring Corporate Social Responsibility: A Scale Development Study'. *Journal of Business Ethics*, 85 (4) pp. 411-427.

QA1 – QA4: Adapted from (Obersede et al. 2014)
QB1-QB6: Adapted from (DeArmond et al. 2011)
QC1-QC6: Adapted from (Lindgreen et al. 2009)
QD1-QD6: Adapted from (Chung et al. 2015)
QE1-QE5: Adapted from Ellis and Arieli 1999)
QF1-QF4: Adapted from (Ruf et al. 1998)
QG1-QG5 Adapted from (Obersede et al. 2014).
QH1-QH6 Adapted from (Turker, 2009)
QI1- QI6 Adapted from (Nowell and Boyd, 2014).

Appendix 7. 3

The effect of Corporate Social Responsibility and Stakeholder Management on Corporate Social Performance of Multinational Oil Companies in Nigeria Research Objectives, Study Hypotheses and Questionnaires Tabulation

Research Objectives	Study Hypotheses	Questions for Employees of the MOC	Questions for Representatives of the Host Communities
Research Objective One •To investigate the influence of compliance to industry standards on environmental performance by multinational oil companies in Nigeria.	Hypothesis One H₁ : There is a positive relationship between compliance to industry standards and environmental performance by multinational oil companies in Nigeria.	QB1. Our oil companies apply appropriate work practices to reduce exposure to dangers by the employees. QB2. Our oil companies use appropriate protective equipment as indicated by the health and safety plan in the industry to protect the employees. QB3. Our oil companies take appropriate steps if prevented from or punished for exercising your right in the company. QB4. Our oil companies appropriately report injuries, accidents, or illness in the company. QB5. Our oil companies explain to other workers to report safety violations in the company. QB6. Our oil companies take action to stop safety violations in order to protect the well-being of the employees. QH1. Our oil companies implement special programs to minimize its negative impact on the natural environment. QH2. Our oil companies participate in activities which protect and improve the quality of the natural environment. QH3. Our oil companies have the necessary equipment to reduce its negative environmental impact. QH4. Our oil companies make well-planned investments to avoid environmental degradation. QH5. Our oil companies make investment to create a better life for future generations in the community. QH6. Our oil companies make investments to create employment opportunities for future generations in the community.	QB1. Oil companies apply appropriate work practices to reduce exposure to dangers in our communities. QB2. Oil companies use appropriate protective equipment as indicated by the health and safety plan in the industry to protect our communities. QB3. Oil companies take appropriate steps if prevented from or punished for exercising your right in our communities. QB4. Oil companies appropriately report injuries, accidents, or illness whenever it affects our communities. QB5. Oil companies explain to other workers to report safety violations relating to our communities. QB6. Oil companies take action to stop safety violations in order to protect the well-being of our communities. QH1. Oil companies implement special programs to minimize its negative impact on the natural environment. QH2. Oil companies participate in activities which protect and improve the quality of the natural environment. QH3. Oil companies have the necessary equipment to reduce its negative environmental impact. QH4. Oil companies make well-planned investments to avoid environmental degradation. QH5. Oil companies make investment to create a better life for future generation in our community. QH6. Oil companies make investment to create employment

<p>Research Objectives Two</p> <p>•To investigate the influence of corporate legitimacy and community relations by multinational oil companies in Nigeria.</p>	<p>Hypothesis Two</p> <p>H₂: There is a positive relationship between corporate legitimacy and community relations by multinational oil companies in Nigeria.</p>	<p>Questions (B1-B6 & H1-H6) above are for Hypothesis One</p> <p>QD1. Our oil companies have positive opinion about corporate social responsibility initiatives to community.</p> <p>QD2. Our oil companies believe that it is good to follow government regulations.</p> <p>QD3. Our oil companies do a good job by extracting oil in the community.</p> <p>QD4.Our oil companies are honest with the community.</p> <p>QD5.Our oil companies are necessary part of the community.</p> <p>QD6.Our oil companies' benefits to community outweigh the problems.</p> <p>QG1. Our oil companies employ people with disabilities in the communities.</p> <p>QG2. Our oil companies make donations to social activities in the communities.</p> <p>QG3. Our oil companies invest in the education of young people in the communities.</p> <p>QG4. Our oil companies contribute to solving communities' problems.</p> <p>QG5. Our oil companies employ long-term unemployed people in the communities.</p> <p>Questions (D1-D6 & G1-G5) above are for Hypothesis Two</p> <p>QD1.Our oil companies have positive opinion about corporate social responsibility initiatives to community.</p> <p>QD2.Our oil companies believe that it is good to follow government regulations.</p> <p>OD3.Our oil companies do a good</p>	<p>opportunities for future generation in our community.</p> <p>Questions (B1-B6 & H1-H6) above are for Hypothesis One</p> <p>QD1.Our community have positive opinion about corporate social responsibility initiatives of oil companies.</p> <p>QD2. Most often oil companies believe that it is good to follow government regulations.</p> <p>QD3. Oil companies do a good job by extracting oil in our community.</p> <p>QD4.Oil companies are honest with our community.</p> <p>QD5.Oil companies are necessary part of our community.</p> <p>QD6.Oil companies' benefits to our community outweigh the problems.</p> <p>QG1. Oil companies employ people with disabilities in our communities.</p> <p>QG2. Oil companies make donations to social activities in our communities.</p> <p>QG3. Oil companies invest in the education of young people in our communities.</p> <p>QG4. Oil companies contribute to problems solving in our communities.</p> <p>QG5. Oil companies employ long-term unemployed people in our communities.</p> <p>Questions (D1-D6 & G1-G5) above are for Hypothesis Two</p> <p>QD1.Our community have positive opinion about corporate social responsibility initiatives of oil companies.</p> <p>QD2. Most often oil companies believe that it is good to follow government regulations.</p>
<p>Research Objective Three</p> <p>•To investigate the influence of corporate legitimacy on community perception by multinational oil companies in Nigeria.</p>	<p>Hypothesis Three</p> <p>H₃: There is positive relationship between corporate legitimacy and community perception by multinational oil companies in Nigeria.</p>	<p>Questions (D1-D6 & G1-G5) above are for Hypothesis Two</p> <p>QD1.Our oil companies have positive opinion about corporate social responsibility initiatives to community.</p> <p>QD2.Our oil companies believe that it is good to follow government regulations.</p> <p>OD3.Our oil companies do a good</p>	<p>opportunities for future generation in our community.</p> <p>Questions (B1-B6 & H1-H6) above are for Hypothesis One</p> <p>QD1.Our community have positive opinion about corporate social responsibility initiatives of oil companies.</p> <p>QD2. Most often oil companies believe that it is good to follow government regulations.</p>

<p>Research Objective Four</p> <ul style="list-style-type: none"> • To investigate the influence of regulatory infractions on environmental performance by multinational oil companies in Nigeria. 	<p>Hypothesis Four</p> <p>H₄: There is a positive relationship between regulatory infractions and environmental performance by multinational oil companies in Nigeria.</p>	<p>job by extracting oil in the community.</p> <p>QD4.Our oil companies are honest with the community.</p> <p>QD5.Our oil companies are necessary part of the community.</p> <p>QD6.Our oil companies' benefits to community outweigh the problems.</p> <p>QI1.Our oil companies sharing a sense of personal connection to the members of the communities.</p> <p>QI2.Our oil companies feel that communities' needs will be met by the resources received through their cooperation.</p> <p>QI3.Our oil companies feel that communities have shared and will share history, common places, time together and similar experiences.</p> <p>QI4. Our oil companies give sense of responsibility to support the well-being and success of the communities.</p> <p>QI5. Our oil companies provide sense of responsibility to the well-being of the population that share common goal with them.</p> <p>QI6. Our oil companies' desire is to give to the communities without needing to receive anything in return.</p> <p>Questions (D1-D6 & I1-I6) are for Hypothesis Three</p> <p>QE1. Our oil companies properly handled reports of violations or irregularities in the company.</p> <p>QE2Our oil companies' employees adequately report violations to the company.</p> <p>QE3. Our oil companies' heads expect us to report violations and irregularities to the company.</p> <p>QE4. Most often we feel that our company expect us to report violations and irregularities.</p> <p>QE5. Our oil companies take</p>	<p>QD3. Oil companies do a good job by extracting oil in our community.</p> <p>QD4.Oil companies are honest with our community.</p> <p>QD5.Oil companies are necessary part of our community.</p> <p>QD6.Oil companies' benefits to our community outweigh the problems.</p> <p>QI1. Oil companies sharing a sense of personal connection to the members of our communities.</p> <p>QI2. Oil companies feel that communities' needs will be met by the resources received through our cooperation.</p> <p>QI3. Oil companies feel that our communities have shared and will share history, common places, time together, and similar experiences.</p> <p>QI4. Oil companies give sense of responsibility to support the well-being and success of our communities.</p> <p>QI5.Oil companies provide sense of responsibility to the well-being of our population that share common goal with them.</p> <p>QI6. Oil companies' desire is to give to our communities without needing to receive anything in return.</p> <p>Questions (D1-D6 & I1-I6) are for Hypothesis Three</p> <p>QE1. Oil companies properly handled reports of violations or irregularities in our communities.</p> <p>QE2. Oil companies' employees adequately report violations to their company whenever it affectour communities.</p> <p>QE3. Oil companies' heads expect employees to report violations and irregularities to the company whenever it affect our communities.</p>
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<p>Research Objective Five •To investigate the influence of CSR initiatives on community relations by multinational oil companies in Nigeria.</p>	<p>Hypothesis Five H₅: There is a positive relationship between CSR initiatives and community relations by multinational oil companies in Nigeria.</p>	<p>unreported violations in any company unit serious.</p> <p>QH1. Our oil companies implement special programs to minimize its negative impact on the natural environment.</p> <p>QH2. Our oil companies participate in activities which protect and improve the quality of the natural environment.</p> <p>QH3. Our oil companies have the necessary equipment to reduce its negative environmental impact.</p> <p>QH4. Our oil companies make well-planned investments to avoid environmental degradation.</p> <p>QH5. Our oil companies make investment to create a better life for future generations in the community.</p> <p>QH6 Our oil companies make investments to create employment opportunities for future generations in the community.</p> <p>Questions (E1-E5 & H1-H6) are for Hypothesis Four</p> <p>QC1. Our oil companies put the interest of the communities into consideration before taking business decisions</p> <p>QC2. Our oil companies provide financial support for education in the communities.</p> <p>QC3. Our oil companies help to reduce poverty rate in the communities.</p> <p>QC4. Our oil companies improve the quality of life in the communities.</p> <p>QC5.Our oil companies provide money for charities in the communities.</p> <p>QC6.Our oil companies provide</p>	<p>QE4.Oil companies often encourage our communities to report violations and irregularities to the company.</p> <p>QE5. Oil companies take unreported violations in any of their unit serious whenever it affect our communities.</p> <p>QH1. Oil companies implement special programs to minimize its negative impact on the natural environment.</p> <p>QH2. Oil companies participate in activities which protect and improve the quality of the natural environment.</p> <p>QH3. Oil companies have the necessary equipment to reduce its negative environmental impact.</p> <p>QH4. Oil companies make well-planned investments to avoid environmental degradation.</p> <p>QH5. Oil companies make investment to create a better life for future generation in our community.</p> <p>QH6. Oil companies make investment to create employment opportunities for future generation in our community.</p> <p>Questions (E1-E5 & H1-H6) are for Hypothesis Four</p> <p>QC1. Oil companies put the interest of our communities into consideration before taking decisions.</p> <p>QC2.Oil companies provide financial support for education in our communities.</p> <p>QC3. Oil companies help to reduce poverty rate in our communities.</p> <p>QC4. Oil companies improve the quality of life in our communities.</p>
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<p>Research Objective Six</p> <p>To investigate the influence of CSR initiatives on community perception by multinational oil companies in Nigeria.</p>	<p>Hypothesis Six</p> <p>There is a positive relationship between CSR initiatives and community perception by multinational oil companies in Nigeria.</p>	<p>financial support activities for arts, culture and sports in the communities.</p> <p>QG1.Our oil companies employ people with disabilities in the communities.</p> <p>QG2. Our oil companies make donations to social activities in the communities.</p> <p>QG3. Our oil companies invest in the education of young people in the communities.</p> <p>QG4. Our oil companies contribute to solving communities' problems.</p> <p>QG5. Our oil companies employ long-term unemployed people in the communities.</p> <p>Questions (C1-C6 & G1-G5) are for Hypothesis five</p> <p>QC1. Our oil companies put the interest of the communities into consideration before taking business decisions</p> <p>QC2. Our oil companies provide financial support for education in the communities.</p> <p>QC3. Our oil companies help to reduce poverty rate in the communities.</p> <p>QC4. Our oil companies improve the quality of life in the communities.</p> <p>QC5. Our oil companies provide money for charities in the communities.</p> <p>QC6. Our oil companies provide financial support activities for arts, culture and sports in the communities.</p> <p>QI1.Our oil companies sharing a sense of personal connection to the members of the communities.</p> <p>QI2.Our oil companies feel that communities' needs will be met by the resources received through their</p>	<p>QC5.Oil companies provide money for charities in our communities.</p> <p>QC6.Oil companies provide financial support activities for arts, culture and sports in our communities.</p> <p>QG1.Oil companies employ people with disabilities in our communities.</p> <p>QG2. Oil companies make donations to social activities in our communities.</p> <p>QG3. Oil companies invest in the education of young people in our communities.</p> <p>QG4. Oil companies contribute to problems solving in our communities.</p> <p>QG5. Oil companies employ long-term unemployed people in our communities.</p> <p>Questions (C1-C6 & G1-G5) are for Hypothesis five</p> <p>QC1. Oil companies put the interest of our communities into consideration before taking decisions.</p> <p>QC2.Oil companies provide financial support for education in our communities.</p> <p>QC3. Oil companies help to reduce poverty rate in our communities.</p> <p>QC4. Oil companies improve the quality of life in our communities.</p> <p>QC5.Oil companies provide money for charities in our communities.</p> <p>QC6.Oil companies provide financial support activities for arts, culture and sports in our communities.</p> <p>QI1. Oil companies sharing a sense of personal connection to the members of our communities.</p>
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		<p>cooperation.</p> <p>QI3. Our oil companies feel that communities have shared and will share history, common places, time together and similar experiences.</p> <p>QI4. Our oil companies give sense of responsibility to support the well-being and success of the communities.</p> <p>QI5. Our oil companies provide sense of responsibility to the well-being of the population that share common goal with them.</p> <p>QI6. Our oil companies' desire is to give to the communities without needing to receive anything in return.</p> <p>Questions (C1-C6 & I1-I6) are for Hypothesis Six</p>	<p>QI2. Oil companies feel that communities' needs will be met by the resources received through our cooperation.</p> <p>QI3. Oil companies feel that our communities have shared and will share history, common places, time together, and similar experiences.</p> <p>QI4. Oil companies give sense of responsibility to support the well-being and success of our communities.</p> <p>QI5. Oil companies provide sense of responsibility to the well-being of our population that share common goal with them.</p> <p>QI6. Oil companies' desire is to give to our communities without needing to receive anything in return.</p> <p>Questions (C1-C6 & I1-I6) are for Hypothesis six</p>
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Source: Author

Questionnaire Adapted from

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Appendix 7. 4

Manual Calculation of Specific Indirect Effect for Mediating Variables (Employees of MOC)

Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation STDEV	T-Statistics (O/STDEV)	P-Values	Remarks
CIS→EP→SP	-0.048	-0.046	0.036	1.349	0.18	Not Significant
RI→EP→SP	-0.031	0.030	0.028	1.112	0.27	“
CL→CR→SP	-0.000	0.000	0.017	0.046	0.96	“
CL→CP→SP	-0.106	-0.116	0.070	1.513	0.13	“
CSRI→CR→SP	-0.002	-0.000	0.033	0.049	0.96	“
CSRI→CP→SP	-0.010	-0.010	0.019	0.542	0.59	“

Appendix 7. 5

Manual Calculation of Specific Indirect Effect for Mediating Variables (Host Communities)

Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation STDEV	T-Statistics (O/STDEV)	P-Values	Remarks
CIS→EP→SP	-0.010	-0.010	0.016	0.62	0.54	Not Significant
RI→EP→SP	-0.034	-0.036	0.045	0.76	0.45	“
CL→CR→SP	-0.098	0.095	0.040	2.47	0.01	Significant
CL→CP→SP	0.043	0.042	0.036	1.19	0.23	Not significant
CSRI→CR→SP	0.093	0.094	0.044	2.14	0.03	Significant
CSRI→CP→SP	0.019	0.022	0.025	0.78	0.44	Not Significant

